FBIS DAILY REPORT

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REPORTAGE ON OPENING OF MOSCOW SUMMIT 12 JUNE

Chernenko Opens Debate

LD121203 Warsaw Domestic Service in Polish 1005 GMT 12 Jun 84

[Report by Wladyslaw Snarski in Moscow]

[Text] The CEMA summit began a few hours ago in the historic Georgiyevskiy Hall in the Kremlin. Konstantin Chernenko opened the debate and welcomed the assembly. The representative character of those attending the meeting is noteworthy. Top leaders of socialist countries have arrived in Moscow and the Soviet delegation includes representatives of leading Soviet party and state bodies.

It is worth recalling that similar economic conferences were held in 1969, in Moscow -- attended by Wladyslaw Gomulka and Leonid Brezhnev -- and in 1971 -- when the socialist economic integration program was approved at the 25th CEMA session. Today, in the face of the achieved level of development, new internal conditions, and the international situation, member-countries are facing the need to map out another long-term strategy for economic activity. The main lines of the strategy include, among other things, the problem of raw materials and energy. Today's issue of the newspaper SOTSIALISTICHESKAYA INDUSTRIYA quotes opinions by experts from our community on conserving fuel and raw materials and draws attention to the need for joint and complex solutions in the field of diversifying energy sources.

Moscow observers believe that the present CEMA summit will yield complex and long-term results.

Main Task Economic Security

LD122211 Warsaw Television Service in Polish 1730 GMT 12 Jun 84

[Text] A 2-day high-level conference of CEMA member-states has begun in Moscow. Here is a report from our special correspondent Adam Bronikowski:

[Bronikowski] We are at the Georgiyevskiy Hall of the Great Kremlin Palace. It is almost 1030. In a moment, a high-level conference of representatives of CEMA member-states, anticipated with great interest, will begin in this historic hall.

Leaders of the socialist community delegations are arriving. The following delegations are participating: from Bulgaria, led by Todor Zhivkov; from Czechoslovakia, led by Gustav Husak; from Cuba, led by Carlos Rafael Rodriguez, Cuba's permanent CEMA representative; from Mongolia, led by Yumjaagiyn Tsedenbal; and from the GDR, led by Erich Honecker. The Polish delegation is led by Wojciech Jaruzelski. It consists of Kazimierz Barcikowski, Jozef Czyrek, Zbigniew Messner, Manfred Gorywoda, Janusz Obodowski, and a team of advisers and specialists. The delegation from Romania is led by Nicolae Ceausescu, from Hungary by Janos Kadar, from Vietnam by Le Duan, and from the Soviet Union by Konstantin Chernenko.

The welcoming speech was made by Konstantin Chernenko. Those present paid tribute with a minute's silence to Enrico Berlinguer, PCI secretary general, who died yesterday. Next, Konstantin Chernenko discussed the major problems of economic development and cooperation of the socialist states. Todor Zhivkov, Janos Kadar, Le Duan, Erich Honecker, and Carlos Rafael Rodriguez also spoke.

The most important task in the development of economic cooperation among CEMA member-states in the immediate future is, as was stressed here, the establishment of a system of economic security of the whole community. This security is to be expressed above all through raising the self-sufficiency level in the areas of food, supply of basic raw-materials, components, fuel and power, and in speeding up technological progress through the development of the most modern spheres. These are, for example, joint research in the fields of microelectronics, bio-electronics, miniaturization of appliances, and robot technology.

As I have mentioned, an important task faced by all countries of the community is to solve raw-material problems, as far as both methods of saving and use of own resources are concerned. Similar cooperation, of a very large scale, will apply to the manufacture and exchange of consumer goods. All this requires precisely the perfecting of many economic mechanisms, systems of planning, coordination of economic policies, joint decisions, and defining ways of direct cooperation, especially now, when the international situation is becoming worse and economic restrictions introduced under pressure of the American Administration are not lessening. This is the point of the high-level conference of CEMA member-states which began in Moscow today.

First-Day Speakers

LD121728 Warsaw Domestic Service in Polish 1600 GMT 12 Jun 84

[Text] We have learned that during the first day of the CEMA economic summit, which is taking place in Moscow, speeches were made by the following chairmen of delegations: Konstantin Chernenko of the Soviet Union, Todor Zhivkov of Bulgaria, Janos Kadar of Hungary, Le Duan of the SRV, Erich Honecker of the GDR, and Carlos Rafael Rodriguez of Cuba. At the start of the session its participants paid tribute to Enrico Berlinguer, secretary general of the PCI, who died yesterday.

Bulgarians Visit Exhibition

AU121955 Sofia Domestic Service in Bulgarian 1900 GMT 12 Jun 84

[Text] The members of the Bulgarian delegation which is attending the economic summit conference of the CEMA member-countries in Moscow visited the national jubilee exhibition "The People's Republic of Bulgaria -- 40 Years Along the Path of Socialist Upsurge," which recently opened in Moscow. The organizers of the exhibition very cordially greeted Comrades Grisha Filipov, Ognyan Doynov, Andrey Lukanov, Stanish Bonev, Dimitur Stanishev, and Kiril Zarev, as well as Dimitur Zhulev, Bulgaria's ambassador extraordinary and plenipotentiary of the People's Republic of Bulgaria to the USSR. The guests inspected the exhibition with great attention, asking about the interest of visitors in the goods displayed and in the successes achieved by our country in socialist construction. The members of the delegation were briefed on the business progress made by the "Bulgarian Economic Days" exhibit in Moscow and on the hitherto concluded agreements.

PURPOSE, MEANING OF ECONOMIC SUMMIT EVALUATED

Decisive Event

LD120921 Budapest MTI in English 0642 GMT 12 Jun 84

[Text] Budapest, June 12 (MTI) -- A leading article in Tuesday's MAGYAR HIRLAP considers the top-level economic conference of the member countries of the Council for Mutual Economic Assistance, to open in Moscow Tuesday. (Full text)

"The conference, which is to open today, is a decisive event for CMEA. The participating fraternal countries are represented on a top level.

"The practice of socialist integration has shown that CMEA conferences in the presence of the top-level representatives of the member countries are held when decision has to be made over major issues of paramount importance for the further development of the CMEA and to chart out the joint course of progress. So far the party leaders joined the government heads in the work of CMEA conferences on six occasions: First in 1958, when decision was made on the elaboration of the principles of international socialist division of labour. After that in 1960, then in 1962, 1963, 1966 and, finally, in 1969 were CMEA summit conferences of this kind held. On the latest occasion a resolution calling for the elaboration of the complex programme of integration was passed. Also in 1969, the pace and methodology of the further development of integration within the CMEA were defined.

"Undoubtedly, by 1984 the situation has become ripe to hold another summit conference. Under the current world-political and world-economic conditions it is essential that the socialist countries should exchange views on a top level of timely tasks of economic development, the full utilization of the potential of integration, and the forthcoming tasks in further development. Last year, in the thirty-seventh meeting of the CMEA, the chairman of our government, Gyorgy Lazar, stressed: '...We are of the view that in the future even greater attention needs to be paid to the critical analysis of problems that hinder progress and the better utilization of the potential inherent in cooperation, and to the exploration of the causes, and to the working out of [passage indistinct] to satisfying one another's needs on a higher level and in a planned way. This is demanded both by increasingly difficult external conditions and the imperative to tackle rapidly and efficiently the complex tasks of a change-over to an intensive phase of development in our countries.'

"Our homeland is connected to the CMEA with close bonds -- a considerable part of the products of our economy, industry and agriculture, are exported to the socialist countries, and thence we import a considerable part of energy, material and appliances needed for production.

"Our public is aware that for these very reasons the conditions of the development of the Hungarian economy and, indirectly, the future of every citizen, will be discussed in Moscow. Bearing that in mind, we wish good and successful work to the participants in the Moscow conference, in our own interest and in the interest of the fraternal countries."

Fraternal Interaction

AU121036 Sofia BTA in English 0830 GMT 12 Jun 84

["Fraternal Interaction of Constructing Countries" -- BTA headline]

[Text] Sofia, Jun 12 (BTA) -- An event of major significance for the further strengthening of the might of the socialist community is the unanimous opinion of today's newspapers on the Moscow economic summit of the member-states of the Council for Mutual Economic Assistance.

The great role of this forum proceeds first of all from the fact that it will deal with the working out of a common strategy for the development and deepening of the socialist division of labour, stresses ZEMEDELSKO ZNAME in it editorial. The economic integration is to be raised on a higher level to correspond to the qualitatively new stage in the development of the fraternal countries.

The newspaper points out that the huge production, scientific and technological potential of the Soviet Union, which is unfolding in colossal scale the possibilities of fruitful interaction, stands the mainstay of the cooperation within CMEA. Imbued with the principles of Marxism-Leninism and socialist internationalism, this interaction serves as a major guarantee and accelerator of our successes. It is an example of the new type of international relations of mutual assistance and quality created by the socialist social system -- writes the newspaper of the Bulgarian Agrarian Union.

The same daily carries an article by Prof. Lyuben Georgiev, international news commentator, who stresses that the rallying of efforts to solve the common tasks along with the national efforts has become the mose important factor of the progress of the member-states of the CMEA. The international socialist economic integration has become a necessary condition and a powerful, stable and dynamic motive power of the socialist countries, writes the author of the article.

The efficiency of the socialist economic system and of the international trends of cooperation of the fraternal countries received reaffirmation also under the conditions of confrontation aimed against real socialism, imposed by the Washington administration and NATO and under the conditions of serious crisis tremors in the world capitalist economy. In the last three years industrial production in the member-states of CMEA has risen by 9 per cent, while in the advanced capitalist states it has even marked a drop. In the rates of industrial growth per capita of the population of the CMEA member-countries are now over three times ahead of the average world index, reads the RABOTNICHESKO DELO editorial.

In NARODNA MLADEZH journalist Iliyana Gospodinova points out that for Bulgaria the close ties of cooperation with the socialist states and first of all with the Soviet Union stand a decisive factor for the fast development of the national economy. Thanks to these relations the country now has a solid material base which makes it possible for the Bulgarian economy to open towards the international markets, notes the lady journalist. It is precisely upon the foundation supplies by the specialization and cooperation CMEA agreements that Bulgaria is specializing in the manufacture of various types of mechanical-handling equipment and computing equipment which she is exporting to many parts of the world. Within the framework of the Council for Mutual Economic Assistance the country is developing her electronic industry and the electrical engineering, and has achieved great successes in the sphere of microelectronics. In the eighties Bulgaria will manufacture 60 of all the 144 machines and facilities to be turned out under the specialization and cooperation documents of the CMEA member-countries, writes Iliyana Gospodinova.

Economic Collaboration

AU121015 Bucharest AGERPRES in English 0937 GMT 12 June 84

["Romania Takes an Active Part in the Development and Improvement of Economic Collaboration Among CEMA Member Countries" -- AGERPRES headline]

[Text] Bucharest AGERPRES 12/6/1984 — Under the above headline, SCINTEIA of June 12 carries the following article: The Economic Summit of the Socialist Countries in the Membership of the Council for Mutual Economic Assistance (CMEA) Opens in Moscow Today -- Outstanding Event for the Member Countries, for Their Development and in the International Life in General, Given Their Share in the World Economy.

Socialist Romania, as Comrade Nicolae Ceausescu, party general secretary, pointed out, attaches special importance to this event. As known, our country took an active part in the preparation of this summit, contributed proposals and suggestions for a fruitful unfolding with positive results of the summit, for the improvement of the activity of the organization to help a faster development of the member countries, to strengthen the forces of socialism.

The participation in the preparation of the summit is an expression of the attention paid by Romania, in her international activity, to the collaboration with the countries building the new social system. Our party and state -- as the Executive Political Committee of the CC of the RCP highlighted at its latest meeting -- concentrate on developing relations of friendship and collaboration with all socialist countries and first of all with the neighbour states, steadily working for the expansion of collaboration and cooperation both bilaterally and multilaterally, within the CMEA.

A CMEA founding member, Romania pays special heed to the development of economic collaboration with the member countries, to the improvement of its activity. Comrade Nicolae Ceausescu said: "Romania is highly appreciative of CMEA's role in and contribution to the development of the collaboration between the socialist countries taking part in the activity of the organization. Our country has steadily worked to develop economic and technico-scientific collaboration with the member countries, and actively backed the efforts to improve the activity of the organization in keeping with its aims and purposes, to fulfill in the best of conditions the targets and attributions set in its Charter.

Collaboration and cooperation within the CMEA are aimed at boosting the development of each member country, the modernization of the production forces and increasing their economic, technological and scientific potential, at raising the respective peoples' welfare.

For CMEA activity it is very important that the CMEA Charter clearly stipulates and other documents of the organization reiterate the basic principles underlying the collaboration among the member countries -- the principles of the fully equal rights, observance of state sovereignty, national independence and interests, non-interference in domestic affairs, mutual advantage, comradely solidarity and assistance. The promotion and observance of these principles, as proved by experience, ensure a close blending of each country's interests with the interests of the other participating states, provide conditions for the development and improvement of the collaboration among the member states, stimulate the cooperation in a climate of confidence and mutual understanding, and the conclusion of generally acceptable accords.

On this basis, in the 35 years since it was set up, CMEA has developed and diversified its activity, passed from simple forms of collaboration to superior, complex, forms, such as building of economic objectives with joint efforts, cooperation in science and technology, in foreign trade, currency and credits, etc. An important moment was the adoption by the 25th session, in 1971, in Bucharest, of a "complex programme of further deepening and improving the collaboration and development of socialist economic integration of the CMEA member countries" which stipulates new methods, forms and specific actions of collaboration, offering large possibilities of deepening and expanding the cooperation at present and in the future. Subsequently, long-term special programmes of collaboration were endorsed to render the collaboration more efficient and stable, to achieve cooperation ventures in highly important economic branches.

Romania's steady concern over the development of economic relations with the CMEA member countries found a significant expression in the increase of the volume of bilateral trade exchanges. Along the years the list of traded goods diversified and manufactured products came to hold a more important share. Taking consistent action for the expansion of cooperation in various and more efficient forms, our country concluded with CMEA member countries numerous manysided agreements of cooperation and specialization in production, of technological and scientific collaboration in advanced domains of research.

But its fundamental objectives, by the purposes for which it was founded, the CMEA is meant to develop mutual assistance among the member countries, so that they may successfully solve the problems of their progress, ensure by joint efforts the overcoming of the difficulties that might emerge, back firmly and efficiently the steady advance in the building of the new system. This is one of the permanent objectives that requires a permanent focussing of the efforts for the improvement of the CMEA activity. In this sense, of outstanding importance is the channelling of the activity toward the joint settlement of the most acute problems posed now in the economic development of the member-countries and world-wide.

This mission of the CMEA is the more important today when phenomena of the lasting crisis are powerfully manifest in the world, which generate for all countries, socialist included, serious economic, commercial, financial-currency questions, problems of supply with energy, raw materials and foodstuffs. Under the circumstances, it is more necessary now than ever that the CMEA should fully act its part in the development of collaboration, specialization and cooperation, in activity backing in this way the settlement of this or the other country's economic problems, by steadily acting for the general progress on the road to socialism and communism. It is precisely by acting in this way that the CMEA can make a very important contribution to the attainment of the great common targets, helping the affirmation of the superiority of the international socialist relations, demonstrating that the socialist countries, the new system do have the possibility to cope better with any problems posed by life, with various evolutions and phenomena on a world plane.

In this sense, of outstanding importance is the settlement by joint efforts of such problems of central importance as the securing of the CMEA countries' needed amounts of fuel, energy, raw and special materials and other products.

Of great importance is also the deepening of the cooperation and specialization in production, especially in such major branches as machine-building, high-tech equipment and installations with higher efficiency and low consumption of energy and raw materials, apt to ensure the technical progress of the member countries' national economies.

A task of outstanding importance now is the development of the CMEA member countries' technological and scientific cooperation especially in the conditions of the contemporary technological scientific revolution when the wide-scale application to production of the latest gains of human genius is a factor of decisive importance in getting high labour productivity, in raising the qualitative level of the products and their competitiveness in the world market. Under the circumstances, CMEA's increased contribution to broad, efficient collaboration and cooperation apt to ensure the application of the latest gains of science and technology in all member states, would give a powerful impetus to their development, so that socialism may fully assert itself as the main promoter of the contemporary technological and scientific progress.

Likewise, the CMEA has to cope with yet another very important task, namely the deepening of the collaboration in agriculture and consumer goods production. It is known that in this respect the CMEA member countries avail of a great potential, of big reserves, whose turning to advantage calls for expanded and diversified collaboration, improved structures and mechanisms of production, joint settlement of the problems of technological and scientific progress that are acute also in the farm-food domain.

In harmony with these targets, Romania declares for the employment of proper ways and means apt to ensure the deepening and amplification of the mutually advantageous collaboration, its increased efficiency. In this sense, life itself demonstrated the great importance of the coordination of the plans as a major method of organization of the economic, technological and scientific cooperation in keeping with the interests of all and every member-state. Made by mutual consultation, the coordination of the plans offers broad and multiple possibilities for a substantive improvement of collaboration and provides most congenial conditions for the development of the economic relations among the CMEA-member countries. In this connection, it should be stressed that, as shown by life, of great importance is naturally the provision of stable, durable bases to the mutual relations, through the conclusion of long-term accords and contracts, as a basic form of collaboration within the CMEA. Such accords and contracts lend perspective to the relations of collaboration, provide conditions for every national planning body to establish in due time the objectives and possibilities of collaboration, providing the framework for a better coordination of the plans, and ensure the unfolding of the relations among the member-countries upon solid bases, which is apt to increase their efficiency.

Over the years, the need has become ever more conspicuous of further improving the activity of the CMEA bodies. This is a very important objective which includes such requirements as the improvement of the work forms and methods, the unfolding of more frequent contacts with a systematic character, at various levels, summit included, with a view to more operatively and efficiently solving the problems emerging in the process of collaboration.

No doubt, the improvement of the CMEA activity is very important to both the member countries and generally, for all countries, considering that the might of socialism as a whole increases as the might of every socialist country, too, increases. Especially in the conditions of the world today, with obtaining consequences of the international relations of domineering and inequality imposed by imperialism, with the perpetuation and deepening of the economic gaps making one of the most urgent questions, the approximation and evening up of the socialist countries' development levels (?pregnantly) demonstrate the capability of the new system to ensure the general progress, the prosperity of all peoples.

As recently stressed by Comrade Nicolae Ceausescu, Romania wants that the summit economic meeting devoted to the CMEA activity should yield most fruitful results, should fully meet the expectations of the member countries and their peoples. Romania is resolved to make her full contribution to the proper unfolding of the meeting, so that it may lead to the development and improvement of collaboration, cooperation and specialization within the council, in the interests of every member country's faster progress, of enhancing the prestige of socialism.

Realistic Political Weight

LD121454 Belgrade TANJUG in English 1330 GMT 12 Jun 84

[Text] Moscow, June 12 (TANJUG) -- The summit of CMEA, the Council for Mutual Economic Assistance of 7 East European countries and Vietnam, Mongolia and Cuba, opened with a closed-door session at the Kremlin today, Tuesday.

All the delegations, except Cuba's, are headed by state and party leaders which indicates the importance attached to the summit's main topic -- economic development and cooperation among the members of the group.

In place of Fidel Castro, the Cuban delegation is headed by Vice-President Carlos Rafael Rodriguez, while the other countries' delegations are headed by top leaders: Chernenko (USSR), Zhivkov (Bulgaria), Ceausescu (Romania), Husak (Czechoslovakia), Kadar (Hungary), Honecker (GDR), Jaruzelski (Poland), Le Duan (Vietnam) and Tsedenbal (Mongolia).

During the past decade, many questions relating to development, ways of coordinating national and joint interests, the effectiveness of the system of economic operations, cooperation, specialization and integration have piled up. The Moscow summit therefore carries realistic political weight.

The participants in the summit paid tribute to the late general secretary of the Italian Communist Party, Enrico Berlinguer.

CEMA-FINLAND TRADE COMMISSION MEETS IN BUDAPEST

LD121703 Helsinki Domestic Service in Finnish 0930 GMT 12 Jun 84

[Text] The foreign trade working group of the Finland-CEMA Cooperation Commission began its 13th meeting in Budapest today. The meeting is to discuss the development of the foreign trade relations between Finland and the CEMA countries and a simplification of the foreign trade procedures.

U.S. ANTIMISSILE TEST STEPS UP SPACE ARMS RACE

DW121309 East Berlin Domestic Service in German 1000 GMT 12 Jun 84

[Gerhard Boehm commentary]

[Text] According to Western news agency reports, the United States for the first time carried out a test outside the atmosphere in which a dummy nuclear warhead on an intercontinental missile was hit and destroyed by a ground-launched interceptor missile. This test again illustrates Washington's attempts to achieve military superiority in outer space. Gerhard Boehm comments:

This test again makes it clear that the Reagan administration and the Pentagon are determined to continue and step up the course toward the creation of a new system of space weapons -- a course toward the militarization of outer space in the hope for military advantages. For quite some time there has been talk that $27 billion will be set aside during the next 5 years to finance a program for a strategic antimissile system. There are talks about laser weapons and other kinds of ray guns. A special military space command has bet set up. The U.S. space shuttle flights primarily serve the experiments of the military people, and 60 percent of the U.S. space scientists more or less directly deal with the military utilization of space. In short, enormous efforts are being made to implement a space weapons program in hopes of thus finding a way to gain superiority over the USSR and socialism.

In view of these plans' enormous costs and the dangers they create, this course is finding opposition and criticism even in the United States itself. The latest expression of this is the adoption of an amendment to the military budget law for the next fiscal year by the U.S. House of Representatives -- an amendment that prohibits appropriations for testing U.S. antimissile weapons in space if the USSR and other countries do not conduct such tests. This, together with many statements by politicians and scientists against the militarization of space, reflects the concern that this not only opens a new field in the arms race, but that the danger also arises that the possibility of eliminating the arms race may be further damaged if not totally destroyed. In this very situation, Konstantin Chernenko, general secretary of the CPSU Central Committee, in an interview with U.S. correspondent Kingsbury Smith, again supported immediate negotiations on all aspects of space weaponry especially because so far there has been no spurt in the space weapons race with incalculable consequences. Konstantin Chernenko stressed that as early as last year the USSR unilaterally undertook not to put any antisatellite weapons in orbit, and this unilateral moratorium would remain in effect as long as other states, including the United States, did not launch any such weapons into space. However, this moratorium can only be an initial step toward the complete ban of these weapons -- a ban that also includes the elimination of the existing systems of this nature. The Soviet statesman also refuted Washington's contention that such an agreement could not be verified, and he once again demanded immediate official negotiations between the USSR and the United States on all these issues. This is renewed proof of the completely different approach of the two states toward the problem of the militarization of space.

USSR, BULGARIAN DELEGATES COMMENT ON MBFR TALKS

West Unwilling To Negotiate

LD121131 Prague CTK in English 1337 GMT 7 Jun 84

[Text] Vienna June 7 (CTK correspondent) -- The deployment of U.S. nuclear missiles of first strike in Western Europe has stepped up the danger of war, disorganized the process of the limitation of nuclear weapons and complicated the prospects of the talks here aimed at lowering the threat of military confrontation in central Europe.

This was stressed here today by head of the Soviet delegation, Ambassador Valerian Mikhaylov, at a plenary session of the talks on the limitation of armed forces and armament in central Europe.

The latest proposal of the West from April 19, 1984, which is being presented as a basis for a mutually acceptable agreement, is quite negative. It does not contribute to progress in Vienna and does not reply to numerous initiatives of the socialist countries. It does not help unite positions but, on the contrary, rather deepens their contrast and creates obstacles also in a number of other serious questions. It can be qualified but as evidence of Western attempts to hide the unwillingness to seriously negotiate. The possibility to start a fruitful dialogue continues to be ensured by real and constructive proposals of the socialist countries, Valerian Mikhaylov stressed in conclusion.

Illusions of NATO Proposal

LD121332 East Berlin ADN International Service in German 1600 GMT 7 Jun 84

[Text] Vienna, 7 Jun (ADN) -- Chief of the Soviet delegation at the MBFR negotiations in Vienna, Ambassador Valerian Mikhaylov, said Thursday that the appearance of U.S. nuclear first-strike weapons in West Europe -- including on the territory of states sitting at the Vienna negotiating table -- aggravated the internatonal situation and thereby complicated prospects for the Vienna negotiations. Ambassador Mikhaylov analyzed in detail the West's proposal of April this year and came to the conclusion that it does not ease the situation of the negotiations but further complicates it. Instead of a radical solution of the so-called data question, as proposed by the socialist side, the West has only tightened the knots that itself tied in this question. Moreover, the West's proposal totally excludes a basic issue in the reduction of military confrontation in Central Europe -- the limitation of armaments.

The Soviet delegation leader said further that the authors of the NATO proposal have only created illusions about overcoming the standstill in the negotiations. The proposal solves none of the problems which have so far restricted all progress in Vienna. Neither does it provide any response to the 1983 initiative of the socialist participating states. However, the internatonal situation and the state of Vienna negotiations demands not just apparent, but truly constructive efforts by both sides. A possibility for switching to a constructive dialogue is still provided by the realistic proposals of the particularly socialist states.

A spokesman for the Soviet delegation underlined the same day in Vienna the importance of the appeal by six heads of state or government on an immediate halt to the nuclear arms race and said that the USSR fully supports the statement. He regretted that at their latest session the NATO foreign ministers totally ignored the initiative of the six statesmen.

West's Transparent Propaganda

AU121113 Sofia RABOTNICHESKO DELO in Bulgarian 8 Jun 84 pp 1, 6

[Text] The 23d round of the MBFR talks in Vienna is in progress. The Western mass media, are trying to create the impression that NATO states are active and that their position in Vienna has changed. In this context Ambassador Valdimir Shopov, leader of the Bulgarian delegation to the MBFR talks, answered questions of Krasimir Ivandzhiyski, representative of the editorial board.

[Ivandzhiyski] Comrade Shopov, before touching upon the real situation as the Vienna talks I would like to ask you about the basic conclusions reached after the 22d round.

[Shopov] Before and during the 22d round of the Vienna talks the West tried to use rather transparent propaganda tactics. It comes down to an attempt to create the impression that the resumption of the talks after a working 3-month pause would mean an improvement in East-West relations and a change in the position of the socialist countries toward the strategic and Eurostrategic talks in Geneva and toward the new U.S. nuclear missiles in Western Europe.

This propaganda step must be reviewed in the context of the West's comprehensive tactics aimed at deceiving the Western public opinion about the exceptional danger created by the aggressive imperialist course of the United States and NATO, and at presenting the current situation under the light: "You see? Nothing has changed."

This however, as is well known, does not correspond to reality. The attitude of the socialist countries toward the aforementioned issues, which have exceptional importance for world peace, was clearly expressed by Konstantin Chernenko, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, and by other party and state leaders of the socialist countries, including Todor Zhivkov, general secretary of the BCP Central Committee and chairman of the State Council.

The deployment of the new U.S. missiles represents a serious burden at the Vienna talks because it increases the military concentration and confrontation in Europe. This fully contradicts the talks' goal. I would like to point out that the program on increasing conventional weapons that has been developed by the United States and NATO also contradicts the tasks we are facing at the talks.

[Ivandzhiyski] Observers are reaching the conclusion that also the "modified proposals" of NATO, submitted at the 22d round, do not lead toward reaching an agreement.

[Shopov] The modifications proposed by NATO during the 22d round are actually a "cosmetic" change of the Western countries' proposals of July 1982. They include the same gaps, which have been intentionally created.

Without going into detail I would like to point out that first of all they ignore completely the reduction of armaments in the region of the talks; second, they do not set an upper limit for the size of the air force; and third, they insist on expanding the means and ways of control and inspection, which already have been overblown.

The modified proposals of NATO are pushing the talks toward resuming the pointless discussion of the quantity of troops in the region that has been artificially provoked by NATO. NATO strives again toward asymmetrically reducing the troops to the detriment of the socialist countries.

[Ivandzhiyski] One notices that the proposals use again the tactics of "turning the pyramid upside down" -- in other words, an attempt is evident to impose the discussion of issues that are removed from the basic goals of the talks.

[Shopov] During the 22d round and now, the West is avoiding the discussion of the basic issues that lead toward searching for constructive decisions and agreements on reducing the troops and weapons.

Thus the proposed measures on control and inspection are removed from the main goal of the talks -- reducing troops and armaments. Therefore the striving to look for a solution of this issue, before there is an agreement on the reduction itself, is fully devoid of any logic.

THe socialist countries firmly advocate the position that first of all the basic contours of the agreement are to be agreed upon, and only afterward are the accompanying measures to be adopted. Not the other way around.

[Ivandzhiyski] Let us deal now with the actual state of the talks.

[Shopov] In fact I already dealt with this issue to a large degree. The present 23d round began on 24 May. Two basic documents were on the agenda -- the package of proposals of the socialist countries from 1983, and the already mentioned NATO "modified proposals."

Our proposals point out the road toward leading the talks out of the dead-end street and reaching an agreement that will not violate the security of any country. I would like to recall that it was for this purpose that the socialist countries, led by good political will, developed their package of proposals aimed at eliminating the disputed issue on the numerical data related to the quantity of troops, turned intentionally by the West into a "break" in the talks. What prevents NATO from accepting the proposal on withdrawing immediately 20,000 Soviet and 13,000 American troops on the basis of mutual example? Or why cannot NATO agree to freeze the quantity of the NATO and Warsaw Pact troops in the region until an agreement on further significant reductions of troops and arms are achieved to the collective level of 900,000 troops on each side? There are more examples.

The measures on control and inspection envisaged in the proposal of the Warsaw Pact states for the period during the reduction and afterward are fully sufficient and effective. In other words the proposals of the socialist include everything needed for moving the talks forward and achieving their basic goal.

[Ivandzhiyski] Comrade Shopov, this way we reach again the important issue of the Western participants' tactics at the talks.

[Shopov] The basic reason for the lack of progress is the lack of political good will on the part of the West. Unfortunately, we do not notice any signs of change in the position of NATO at the Vienna talks.

Therefore I would like to stress again the words of Todor Zhivkov, secretary general of the BCP Central Committee and chairman of the State Council, spoken these days in Moscow: "The USSR and the entire socialist community have a comprehensive and constructive peace program. They work tirelessly for preventing thermonuclear war and propose ever more and radical measures on limiting and reducing the armaments on the only possible and must basis of equality and equal security."

The position of the socialist countries at the Vienna talks is a bright confirmation of these words. However if a concrete result in reducing the military confrontation in central Eruope is to be achieved, it is necessary that the Western participants at the talks show political good will and realism. They should rethink and reevaluate their present line and grasp their responsibility in the present complex and tense international situation.

SFRY GENEVA DELEGATE: NUCLEAR POWERS RESPONSIBLE

LD122050 Belgrade TANJUG in English 1908 GMT 12 Jun 84

[Text] Geneva, June 12 (TANJUG) -- Yugoslavia's representative warned at the disarmament conference here today (Tuesday) that all countries are equally in danger of annihilation.

On remarking that the [words indistinct] and indivisible, Kazimir Vidas pointed out that "too many nuclear weapons do not offer any guarantee for either increasing one's own security or for doing away with a world catastrophe."

Drawing attention to intimidating speeding in the arms race, the chief Yugoslav delegate stressed that all nuclear powers bear responsibility for such a degree of nuclear armament in the world.

Under such circumstances, belonging to military or political groupings is not at all relevant any longer. Both west and east, north and south, developed and underdeveloped would equally suffer consequences of a nuclear catastrophe," the Yugoslav representative cautioned.

All members of this conference are duty-bound to do everything they can in order to have disarmament negotiations dragged out of their impasse, Vidas emphasized. In Yugoslavia's opinion, the most important task of this conference at this moment is to set up an ad hoc committee which would work out a programme for preventing a nuclear war.

The Yugoslav representative had words of criticism to say about a practice at the conference of apriori turning down some initiatives and concrete proposals without an in-depth analysis of their genuine values. The Soviet and Swedish drafts of a treaty on all-round ban on nuclear tests as well as the U.S. draft of a convention on ban on chemical weapons and other initiatives should be seriously considered, he emphasized.

The Yugoslav delegation is expecting of the disarmament conference to take urgent steps towards preventing a nuclear arms race in the outer space, he said.

U.S., USSR BARGAIN OVER PERSIAN GULF INTERESTS

AU111535 Tirana ATA in English 0915 GMT 11 Jun 84

[Text] Tirana, June 11 (ATA) -- As the events in the Persian Gulf undergo new developments, the activity of the American imperialists, as an expression of their aims to defend the U.S. interests in the region, keeps intensifying. The United States will resort to all possible means to defend their assets and interests in the Persian Gulf, declared the spokesman of the American Defence Department, Burch, at a press conference in Washington. In the framework of the military blackmail, the United States are making preparations to begin a new series of manoeuvres of the military-naval forces in the Persian Gulf, which serve as a pretext to cover up the further enhancement of the American military presence in this region.

A recent comment of the Soviet news agency NOVOSTI stressed that the Soviet Union will not be indifferent to the development of events in the region of Middle East. This is nothing but another warning to Washington that Moscow will intervene if its interests in this strategic region will be endangered.

Only a few days passed and the American Secretary of State Shultz stressed in a television interview that the United States and the Soviet Union share common worries with regard to the region of Persian Gulf. He pointed out also the concordance of the Soviet-American interests in this oil-bearing region.

Everything indicates that despite their savage rivalry the American imperialists and the Soviet social imperialists find possibilities for bargains and agreements to the detriment of the interests of the peoples of this region, their freedom and sovereignty.

FOREIGN MINISTER RECEIVES NEW PORTUGUESE ENVOY

AU120823 Tirana ATA in English 0745 GMT 12 Jun 84

[Text] Tirana, June 12 (ATA) -- The minister of foreign affairs of the People's Socialist Republic of Albania, Reis Malile, received yesterday the ambassador extraordinary and plenipotentiary of the Republic of Portugal to the People's Socialist Republic of Albania, Francisco Crainho do Vale, regarding the forthcoming presentation of credentials to the president of the Presidium of the People's Assembly of the People's Socialist Republic of Albania.

ALIA PRAISES WORKERS AT KOMAN HYDROPOWER PLANT

AU101333 Tirana ATA in English 0745 GMT 10 Jun 84

[Text] Tirana June 10 (ATA) -- Comrade Ramiz Alia, the secretary of the Central Committee of the party and president of the Presidium of the People's Assembly, was in the District of Shkoder these days. Yesterday before noon, Comrade Ramiz Alia, accompanied by the first secretary of the district party committee, Petro Dode, and the chairman of the executive committee of the district People's Council, Nesip Ibrahimi, went for a visit to the Enver Hoxha Hydropower Station of Koman.

He was welcomed there by cadres, specialists, and workers of the hydropower station. Comrade Ramiz Alia had a meeting with them at one of the halls of the hydropower station.

Comrade Ramiz Alia was informed of the great work and the successful achievements by the builders and fitters, the good rates of work at the dam, the opening of the tunnels etc, so that the pledge to commission one of the turbines within next year is carried into reality one month ahead of the time limit.

Taking the floor, Comrade Ramiz Alia conveyed to the workers and cadres the greetings of the Central Committee and of the beloved leader of the party and people, Comrade Enver Hoxha personally. He congratulated the builders of this great project on the important successes they have achieved. This project, he stressed, reflects not only the consciousness of the builders of our country, but also the creative abilities of the engineers, technicians and specialists trained in our country, who are capable of designing and building such projects of world level.

The Koman hydropower station, Comrade Ramiz Alia pointed out, is a great school for our working class, cadres, engineers, and technicians and is important for the present and the future. It clearly reflects the technical and cultural development of Socialist Albania and is the synthesis of the all-round development of our economy, of the force and vitality of our socialist order. As is known, he said, the people's power will build other hydropower stations, will further develop the industry of energetics, and in this framework the experience gained in Koman has a great importance.

The Koman hydropower station, Comrade Ramiz Alia stressed, is dear to all the people of our country, because it bears the name of the beloved leader of the party and people, Comrade Enver Hoxha. We notice with pleasure that through their struggle, and daily efforts the builders of this great project carry aloft proudly this name. The value of the great work done here in Koman, said he in conclusion, is inspiring for all the working people of our country, all the sectors, so that everybody works and fights according to your example. The party rejoices that the work in this project of colossal importance is going ahead well.

Then Comrade Ramiz Alia went to different sectors of they hydropower station, where he met, greeted and talked cordially with workers, cadres and specialists and wished them new successes at work.

Comrade Ramiz Alia [was] seen off with love by the heroic builders of Koman hydropower station and left amidst their enthusiastic acclamations for the party and Comrade Enver Hoxha.

GUYANA'S PRESIDENT BURNHAM CONCLUDES VISIT

Zhivkov Toasts Relations

AU091315 RABOTNICHESKO DELO in Bulgarian 7 Jun 84 pp 1, 6

[Toast proposed by Todor Zhivkov, chairman of the State Council, at a dinner given in honor of Guyanese President Forbes Burnham at the Boyana Residence in Sofia on 6 June]

[Text] Esteemed Mr President, dear guests from Guyana:

I most sincerely welcome you, the president of the Cooperative Republic of Guyana and the officials accompanying you, as dear guests of the People's Republic of Bulgaria.

I am expressing our great and sincere joy at the first official visit you are paying to our country. We consider this visit to be convincing confirmation of the friendly relations existing between our two states and peoples. I would like to stress that although their history is comparatively short, these relations are developing in the correct direction and on the basis of mutual interest. The reasons for this statement are obvious. The political contacts between the two governments have shown considerable progress. The first steps have also been taken in the fields of economic and scientific technical cooperation. Favorable future prospects exist in this sector for future progress, prospects which should be taken advantage of. We believe, Comrade Forbes Burnham, that your visit is likely to contribute to a decisive intensification of our friendly relations and that it will represent a contribution to the peoples' joint struggle for peace, understanding, and large-scale international cooperation. I would like to express our conviction that together we will do everything in our power in order to raise mutual relations between the People's Republic of Bulgaria and the Cooperative Republic of Guyana to a level commensurate with both countries' optimal opportunities and in conformity with the interests of our two fraternal peoples.

Comrade President:

Your visit is taking place at a time in which, due to imperialism, the international atmosphere has been complicated to such an extent that the danger threatening the very existence of human civilization is quite real. In addressing you I would like to express the Bulgarian people's great concern and alarm, which are shared by the Bulgarian Government, about the threatening dimensions of international tension. The actions of the militant imperialist forces are revealing dangerous great-state ambitions which are an anachronism for our epoch. These ambitions are based on the idea of achieving military superiority over worldwide real socialism, while their final goal is to destroy the socialist system and to establish imperialist hegemony over the world. Naturally, any politician endowed with common sense will become aware of the fact that such plans are directed not only against us, but against all peoples on all continents. There is hardly any statesman who can seriously think that a possible nuclear war will be limited only to Europe or to any other area separately. Such a war will inevitably encompass all countries. There will be no borders and distances. This makes the struggle for peace and security a truly urgent and vitally important issue of our epoch. The struggle for peace is a common cause because it will have to rescue life on this earth, and in the long run it is a struggle for the defense of the working people's interests throughout our planet.

I will not dwell in detail on the numerous examples which eloquently describe U.S. policy and the policy conducted by its NATO allies.

However, we cannot pass over in silence certain most characteristic features which recently manifested themselves, such as: the unrestrained trend toward rearmament, particularly in the nuclear sector; the deployment of nuclear missiles in certain West European countries; and the development of new systems of mass destruction weapons as well as militarization plans even affecting space; and so forth.

I would like to stress now in speaking to you, Mr President, that in this alarming and tense situation the approach of the People's Republic of Bulgaria, of the Soviet Union, and of the other socialist community countries differs drastically from the obstructionist and deliberately unconstructive approach of the present Reagan administration in the United States and of those who are supporting its foreign policy, which constitutes an increasing danger for the fate of mankind. Loyal to our principled and consistent foreign policy, we are devoting optimal efforts to finding a way out of this dangerously explosive situation.

We can cite the proposals submitted in the Prague declaration of the Warsaw Pact Political Consultative Committee in January 1983, the proposals following the declaration, and numerous other peace-loving initiatives of the socialist countries as convincing proof of their peace-loving spirit, humanitarianism, and awareness of the necessity for a decisive change in the international atmosphere. These aforementioned proposals are constructive, comprehensive, and based on equal rights and equal security.

As is known, the socialist countries have proposed and supported the following initiatives with strong arguments: the freezing and limiting of nuclear weapons and their eventual total liquidation; the liberation of Europe and the whole world from chemical weapons; the reduction of military expenditures and the transition to disarmament, while part of the funds set free in this manner are used for the needs of economic and social progress, including in the developing countries; and the signing of a treaty for mutual nonuse of military strength and for maintaining peaceful relations between NATO and Warsaw Pact members, which can be joined by other countries as well. Our stand at the Stockholm Conference on Security and Confidence Building Measures and Disarmament in Europe as well as at the Vienna negotiations and the UN disarmament conferences is principled and consistent as well.

The socialist community member-countries have declared their stand on several occasions and they still declare the same. I would like to stress once more our irrevocable stand on this issue: We are in favor of constructive and honest negotiations on the basis of equal rights and equal security. This is the only way of solving the global problems of security, disarmament, and international cooperation. Unfortunately, all our proposals have thus far remained unanswered. The West submits only one kind of proposal containing elements which are absolutely unacceptable for us because they do not take into consideration our interests and security.

We must point out at the same time that bitter disappointment is awaiting all those who assume that the active efforts of socialist countries aimed at the preservation of peace in the world and at establishing mutually advantageous international cooperation are an expression of weakness. We are perfectly capable of and are fully resolved to defend our security and to ensure all necessary prerequisites for the further constructive labor of our peoples.

Naturally, our concern at the state of the political situation in the world is dictated not only by the new intensification of the arms race imposed by imperialism.

We are also aware of the danger produced by manifestations of an insolent, aggressive spirit and dangerous interference by the imperialist forces in a number of areas on our planet. How can we otherwise describe the brutal aggression against Grenada, the undeclared, but actual war against Nicaragua, and the blackmail used against Cuba! How can we otherwise describe the actions of those who have been fanning the hotbed of crisis in the Middle East for several decades? How can we define the actions of those who are obstructing the irrevocable right of the Namibian people for self-determination and national independence, the actions of those who are violating international norms and principles! History has taught the world to be on the alert, to vigilantly watch whenever the sovereignty, independence, and territorial integrity of entire countries and peoples are being grossly violated, whenever these countries and peoples are being denied the right to choose their own path of development.

In dealing with absolute priority with the problem of preserving universal peace, strengthening security, and broadly expanding international cooperation, we are not only paying attention to, but are actively promoting the solution of a series of other important problems, such as the establishment of just international economic relations based on equal rights, ecological issues, the struggle against starvation, and the guarantee of normal and dignified living conditions for all people on our planet.

The foreign policy of the People's Republic of Bulgaria is based on principle and consistency. It conforms to the Bulgarian people's aspirations to live in peace and to build tneir present and future under conditions of peace and international cooperation. This policy is particularly active in regard to the Balkans, where considerable successes have been achieved in this respect.

Comrade President:

I have touched upon these crucial problems of our epoch in most general terms, not only because the future of mankind depends upon them, not only because human progress and civilization depend upon them, but also because of my firm conviction that in the struggle for peace there can be no small and great peoples -- that the responsibility for universal peace is a prerogative and a cause concerning us all.

We are paying due tribute to the activities and efforts of the Nonaligned Movement, of which the Cooperative Republic of Guyana is an active member. Preserving its basic principles and goals against the aggressive attempts of imperialism and its supporters, this movement has become an important factor for peace and international cooperation.

The government and people of the People's Republic of Bulgaria highly appreciate the progressive and nonaligned foreign policy of your government and your personal international activities aimed at the preservation of peace in Latin America and throughout the world, at defending the independence, sovereignty, and territorial integrity of the Latin American and other developing countries, as well as every nation's right to decide its own fate. We are following with great attention and with a feeling of solidarity the great efforts devoted by your country along the path of economic development and social progress in striving to achieve prosperity for the people of Guyana. We sincerely rejoice at the successes you have achieved in this respect.

I would like to close my statement by expressing the conviction that relations between the People's Republic of Bulgaria and the Cooperative Republic of Guyana will continue to develop along ascending lines and that they will become increasingly fruitful in the interest of both the Bulgarian people and the people of Guyana.

I propose a toast:

-- To your health and successes, esteemed Comrade President!

-- To the prosperity and progress of the people of Guyana, and to our friendship!

-- To the victory of peace, security, and international cooperation!

-- To the health of all here present!

-- Cheers!

Documents Signed

AU102005 Sofia BTA in English 1840 GMT 10 Jun 84

[Text] Varna, June 10 (BTA) -- Today the final talks between Mr Todor Zhivkov, president of the State Council, and Mr Forbes Burnham, president of the Cooperative Republic of Guyana, ended here. Both heads of state underlined again their countries' readiness to continue to fight for the establishment of a stable peace, for disarmament, against the threat of nuclear catastrophe.

Both parties' wish for extending and deepening their cooperation in different spheres was underlined. It found a concrete expression in the documents signed.

1. The protocol on the development of the economic cooperation includes hydro-power generation, agriculture, forestry, mining and fishing.

2. A trade protocol was signed.

3. The cooperation agreement signed in the sphere of culture, science and education will contribute to the two peoples' better getting acquainted together.

4. The consent expressed for setting up a joint commission for developing and promoting trade is considered here as a contribution to the further development and strengthening of the friendly relations between Bulgaria and Guyana.

The observers here are unanimous in saying that the visit of Guyana's president to Bulgaria, which has already ended, as well as the summit talks, are a contribution to both the two peoples' understanding and the establishment of a climate of trust and mutual respect.

Burnham Departs

AU101949 Sofia Domestic Service in Bulgarian 1500 GMT 10 Jun 84

[Text] The official and friendly visit of Forbes Burnham, president of the Cooperative Republic of Guyana, has ended. He visited Bulgaria at the invitation of Comrade Todor Zhivkov.

At Varna airport, which was decorated with the two countries' flags and festive slogans, the high guest was seen off by Todor Zhivkov, chairman of the State Council.

PRK UNITED FRONT DELEGATION MEETS KUBADINSKI

AU112017 Sofia BTA in English 1832 GMT 11 Jun 84

[Text] Sofia, June 11 (BTA) -- The relations between the Fatherland Front of Bulgaria and the United Front for National Construction and Defence of Kampuchea are following an upward trend of development. This was confirmed here by Mr Pencho Kubadinski and Mr Men Chan. The Kampuchean guest is a deputy chairman of the National Council of the United Front of his country and leader of a delegation, which arrived here today.

Mr Pencho Kubadinski, member of the Politburo of the CC of the BCP and chairman of the National Council of the Fatherland Front, pointed to the great significance of the summits for further expansion of the friendship and cooperation between the two peoples in all spheres of life. The two parties to the talks pointed to the role the national fronts are playing in strengthening bilateral contacts.

Complete unanimity on international questions was established. The need was stressed of activating the peace efforts, the efforts at security strengthening, the efforts at easing tensions in the world and for working out a turning point in the policy of detente.

Talks With Dyulgerov, Atanasov

AU121720 Sofia BTA in English 1618 GMT 12 Jun 84

[Text] Sofia, June 12 (BTA) -- Today the delegation of the Kampuchean United Front for National Construction and Defence, headed by Mr. Men Chan, deputy chairman of the National Council of the Front, visited the Central Council of the Bulgarian Trade Unions.

Mr Petur Dyulgerov, chairman of the Central Council of the Bulgarian Trade Unions and candidate-member of the Politburo of the CC of the BCP acquainted his guests with the trade union movement in Bulgaria and with the problems it is solving in the present stage of development.

Satisfaction was expressed by both parties to the talks with the state of cooperation between the trade unions of the two countries. It was stressed that the relations of fraternal unity of action, which exist between Bulgaria and Kampuchea are a good basis for the further promotion and consolidation of the relations between the trade unions.

Later the delegation was received by Mr Georgi Atanasov, candidate-member of the Politburo and secretary of the CC of the BCP. The importance of the international solidarity and friendship of Kampuchea with the USSR, Vietnam and the other countries of the socialist community as well as with all progressive forces in the world was stressed.

YOTOV-LED GROUP LEAVES FOR BERLINGUER FUNERAL

AU121332 Sofia BTA in English 1331 GMT 12 Jun 84

[Text] Sofia, June 12 (BTA) -- A delegation of the CC of the BCP headed by Mr. Yordan Yotov, member of the Politburo of the CC of the BCP, left for Rome today to attend the funeral of Mr. Enrico Berlinguer, secretary general of the Italian Communist Party.

MIKHAYLOV GREETS VARNA PHILOSOPHY SESSION

AU081630 Sofia RABOTNICHESKO DELO in Bulgarian 7 Jun 84 p 2

[Text] A meeting was held on 6 June in Varna between Stoyan Mikhaylov, secretary of the BCP Central Committee, and participants in the 13th session of the Varna International School of Philosophy named after Academician Todor Pavlov.

Comrade Mikhaylov spoke about the tasks with which our party and people are coping in the present stage of socialist society's development. He dwelt on the implementation of the decisions adopted by the 12th BCP Congress as well as on the theoretical elaborations and practical approach worked out by Comrade Todor Zhivkov. The speaker devoted special attention in his address to the BCP's activities in connection with improving quality in the material and nonmaterial sphere and in developing the socialist individual. In this respect he pointed out the role played by the social sciences and their tasks in substantiating and clarifying the laws in the dynamic development of everyday social issues in connection with the building of mature socialism.

Comrade Mikhaylov conveyed the greetings of the BCP Central Committee Secretariat to the philosophers from the fraternal socialist countriesand expressed best wishes for their fruitful and successful work at the present session of the Varna school.

Georgiy Smirnov, corresponding member of the USSR Academy of Sciences and director of the Academy's philosophical institute, expressed most cordial gratitude to the BCP Central Committee for the great care devoted to the Varna school of Marxist-Leninist philosophers, which has already consolidated its reputation and prestige as an important center of developing Marxist-Leninist philosophy.

A decree of the State Council was read, after which Comrade Stoyan Mikhaylov presented the 1,300th Anniversary of Bulgaria Jubilee Medal to outstanding scholars from the Soviet Union, Cuba, the GDR, and Vietnam for their contribution to the consolidation of bilateral and multilateral cooperation among the countries of the socialist community.

LEADERS ATTEND CONGRESSES, MEETING 2-9 JUNE

AU091945 [Editorial Report] Sofia Domestic Service in Bulgarian, in its broadcasts from 2 through 9 June, notes the following appearances of Bulgarian leaders (time and date of broadcasts in parantheses): Yordan Yotov, member of the BCP Central Committee Politburo and chairman of the Committee for Culture, attended the closing session of the Bulgarian Translators Congress at the Lyudmila Zhivkova Palace of Culture in Sofia. (1730 GMT 5 June) Kiril Zarev, secretary of the BCP Central Committee, attended an expanded plenum of the Silistra Okrug BCP Committee in the town of Silistra. (0900 GMT 6 June) Zarev is also reported to have visited economic plants in Silistra Okrug. (1730 GMT 6 June) Georgi Yordanov, member of the BCP Central Committee Politburo and chairman of the Committee for Culture, is reported having chaired a meeting of the Council on Aesthetic Education at the Committee for Culture in Sofia. (1730 GMT 7 June) Chudomir Aleksandrov, member of the BCP Central Committee Politburo and secretary of the BCP Central Committee, is reported having attended the 90th anniversary celebration of the Silistra BCP organization in the town of Silistra. (1730 GMT 8 June) Aleksandrov is also reported as having attended the opening of the Bulgarian Drama Festival at the Sofia National Theater. (1730 GMT 9 June)

BILAK, SPANISH COMMUNIST GALLEGO HOLD TALKS

LD121627 Prague Domestic Service in Czech and Slovak 1200 GMT 12 Jun 84

[Text] Today Vasil Bilak, member of the Presidium and secretary of the CPCZ Central Committee, received a delegation of the Communist Party of Spain headed by Ignacio Gallego, general secretary of the Central Committee. He briefed the Spanish comrades on the fulfillment of the tasks set by the 16th CPCZ Congress and on the work of Czechoslovak Communists. He voiced his recognition of the activity of the Communist Party of Spain toward the unification of all Spanish Communists on the principles of Marxism-Leninism and proletarian internationalism. Comrade Vasil Bilak paid tribute to the party's fight for the rights of the Spanish working people and their contribution to the ever growing struggle of the Spanish people against war and for peace. Comrade Ignacio Gallego briefed Vasil Bilak on the party's activity since the unification congress in January this year, its struggle to overcome reformist deformations and for the overall revolutionary renewal of the Spanish communist movement. He stressed the party's effort to be the real vanguard of the working class and working people and pointed out the party's growing support and influence.

During their talk Comrades Vasil Bilak and Ignacio Gallego noted that there has been a sharp worsening of the situation for which the blame lies with the United States and its NATO allies, who have been endeavoring to gain all-round military superiority over the Soviet Union and other socialist countries. The Spanish communist delegation fully supported the peace policy and concrete proposals put forward by the Soviet Union and other Warsaw Pact states, which are aimed at eliminating the threat of war, and strengthening security and peace in the world. Both sides confirmed during the talks their interest in the further all-round development of cooperation between the CPCZ and the Communist Party of Spain in the interest of strengthening the unity of the international communist and workers movement.

FOREIGN MINISTRY PROTESTS SUDETEN GERMAN RALLY

LD121734 Prague Domestic Service in Czech and Slovak 1600 GMT 12 Jun 84

[Text] The Czechoslovak Foreign Ministry has issued a statement to the 35th rally of the Sudeten German Landsmannschaft. The statement says that in the current times, when the issue of averting the danger of war is arising with all urgency, and when, above all, it is necessary to get on with concrete actions toward disarmament, detente, and the reinforcement of peace in Europe, the endeavor of aggressive and peace-threatening forces to cast doubt on the whole complex of agreements and treaties on the post-war map of Europe is [word indistinct] particularly dangerous. Therefore the Czechoslovak general public followed the course of the 35th Sudeten German rally on 8 and 9 June in Munich with deep concern.

The expressive speeches of prominent representatives of the so-called Sudeten German Landsmannschaften and its rally were quite clearly an openly hateful revanchist action aimed at Czechoslovakia, its people and allies, despite empty words about peace and expressions such as "the unification of Europe," "minority rights," "the right to fatherland," and the obsolete slogan "The day will come."

Precisely on the day when our people and the honest and peace-loving people all over the world respectfully recalled the 42nd anniversary of the destruction of Lidice by German fascists, demands and appeals were heard from Munich -- a city infamously renowned for its contribution to modern history -- which actually questioned the post-war arrangements in Europe as enshrined in the Potsdam documents, as well as the principles included in the UN Charter and the Helsinki Final Act, i.e., demands and requests effectively rejecting peaceful coexistence, detente, and dialogue between the East and West.

The statement goes on: More surprising is the official support given to this anti-Czechoslovak action, a support first emphasized by the direct presence and the address delivered by FRG President Carstens, the address delivered by the Federal Interior Minister Zimmermann, who acted in the role of representative of the Federal Government, and by the slanderous anti-Czechoslovak address of Bavarian Premier Strauss.

Moves to rekindle revanchism are particularly dangerous in the context of the exacerbated international situation caused by the militarist U.S. policy, particularly after the start of the deployment of new U.S. medium-range missiles in the FRG and other West European countries. It would seem that revanchists deem this policy particularly advantageous to their goals. On 30 May, Jaromir Johanes, deputy minister of foreign affairs of the CSSR, acting on behalf of the Czechoslovak Government, conveyed to the FRG ambassador in Prague, Klaus Meyer, an emphatic protest against the holding and the aims of the 35th Sudeten German Days in Munich, and against the official support given to them. At the same time, the Czechoslovak ambassador to the FRG, Dusan Spacil, was recalled to Czechoslovakia for the duration of this action which, in contravention of the spirit and letter of the treaty between the CSSR and the FRG of 1973 and the joint statement of 1978, is a grossly disturbing moment in everything positive that has been achieved in mutual relations thus far.

The CSSR voiced on many occasions its sincere interest in good-neighborly relations with the FRG in the spirit of peaceful coexistence, deepening of dialugue, and mutual cooperation in all spheres, and continued to give pratical proof of this. The interests of peace and security in Europe and in the world require the same course of actions also on the part of responsible officials in the FRG and that they halt everything that disturbs efforts aimed at the creation of permament peace relations between states and nations, concludes the statement of the Czechoslovak Foreign Ministry to the 35th rally of the Sudeten German Landsmannschaft.

CHNOUPEK TO GO ON LATIN AMERICAN TOUR

LD122034 Prague Domestic Service in Czech 1930 GMT 12 Jun 84

[Text] Foreign Minister Bohuslav Chnoupek will make an official visit to the Brazilian Federative Republic, the Argentine Republic, and the Republic of Colombia, in the next few days. The visit will take place in response to invitations from the foreign ministers of these countries.

ENEMIES TRY TO SUBDUE VIETNAM BY SUBVERSION

AU121029 Prague RUDE PRAVO in Czech 7 Jun 84 p 6

[Bohuslav Borovicka Hanoi dispatch: "Battle on an Invisible Front; Ideological Subversion -- the Insidious Weapon of Vietnam's Enemies"]

[Text] Vietnam's enemies -- both those inside the country and those beyond its borders -- have convinced themselves that they cannot subdue Vietnam by force. That is why they have concentrated their efforts on the invisible front of ideological subversion, of a silent and gradual disintegration. International reaction is striving to aid this process by outside political, economic, and military pressure.

The authors of the subversive war are applying a whole gamut of ideological subversion resources against Vietnam. In the south, where the edge of their operations is particularly aimed, they are finding a considerable echo. Hundreds of thousands of former soldiers and of the staff of the police and the official apparatus of the former Saigon regime have undergone the process of so-called reeducation, but nevertheless not all of them have changed.

In Ho Chi Minh City alone there are 1.5 million citizens of Chinese nationality, 400,000 Catholics, and 250,000 families with relatives who have emigrated to the West. Naturally one cannot claim that all these people belong to the enemies of the socialist system. Nevertheless, it is known that it is particularly among these people that the recruiters of domestic and foreign reaction are most active. It is also known that there is no lack of "godfathers": the American CIA, Beijing, and the Vatican; it is said that all the intelligence services that had operated in Asia had their nets spread in former Saigon.

In the immense number of consignments coming to Vietnam from abroad there appear newspapers, leaflets, and other printed material with hostile contents; there are also video and tape recordings of a similar nature. Numerous commodities are also arriving there that are intended to serve as objects of speculation, for raising prices on the free market. The speculators, and those standing behind them, are capable of most effectively spreading various rumors -- about the currency, about property confiscation, about forcible evacuations, about raids against these or those people. Last year they had succeeded in causing an artificial shortage of rice and a substantial price increase in rice in Ho Chi Minh City, despite the rich rice harvest.

The permanent tension and uncertainty are meant to enhance the population's distrust in the present system and to push it back into a shell of isolation and egotism. This situation is not unfamiliar to the people in the south, because the former regime had been purposefully cultivating such qualities in them. The enemies are making use not only of socioeconomic tools of ideological subversion but also of the degenerate and reactionary culture. Through this culture they are trying to revise and idealize the old times and are trying to divert the people's minds from the present reality and its prospects.

From time to time problems emerge in the mountainous areas of the southern part of central Vietnam, problems with armed reactionary gangs, and the West immediately announces the beginning of a "new anticommunist offensive." However, in reality this trick is merely intended to divert attention from what is happening in the rear. Not armed resistance, but ideological subversion, which is aimed particularly against Ho Chi Minh City and Hanoi, is the most dangerous weapon used by the enemies of Socialist Vietnam.

The first years after the liberation of southern Vietnam have shown that the exacting nature of the new tasks had not been fully appreciated, that there was a lack of strength, and above all of experience to resolve them. In its history to date, the Vietnamese revolution has been confronted only by obvious enemies. The methods of concealed war and of ideological subversion have appeared as something that the country is only now learning to fight.

After a period of hesitation and of isolated attempts to resolutely cope with the new situation, the Communist Party of Vietnam has approached the solution of the problems in a more purposeful and planned manner. The first step was directed toward its own ranks. The checkups when the party membership cards were issued signified the cleansing of the Communist Party of Vietnam, the consolidation of its discipline, and the increase of the members' activity. Likewise, it became apparent that it was inevitable to strengthen the party's worker core. This is true about the entire country, but in the south, again, the problem is most urgent.

In the present situation, the decisive role in the battle for the masses is played by the successful solution of economic problems; nevertheless, one must not neglect political-educational work. The enhancement of its efficacy -- particularly in explaining the nature, peculiarities, and tasks of the current period of transition to building socialism -- demands that the party aktiv thoroughly study and grasp these issues.

The Politburo of the Central Committee of the Communist Party of Vietnam has pointed out particularly using the example of Ho Chi Minh City how necessary this is, because it was particularly in this city that numerous malfeasances and distortions have taken place.

The current, extremely demanding phase demands from the Vietnamese Communists that they learn on the march, that they rearm themselves during their attack. One cannot count on a truce that would make it possible to thoroughly prepare onself for the new tasks; it is also impossible to fight against a well-armed enemy by old methods.

KEMPNY VISITS POWER PLANTS IN PARDUBICE DISTRICT

LD121748 Prague Domestic Service in Czech and Slovak 1400 GMT 12 Jun 84

[Text] Josef Kempny, member of the CPCZ Central Committee Presidium and chairman of the Czech National Council, paid a visit to the District of Pardubice today. He acquainted himself with the results of the work of East Bohemian power workers in the Chvaletice power plant and attended a working conference of officials of local plants and national committees. He briefed party activists on approaches to the implementation of the conclusions of the 10th CPCZ Central Committee session on this year's tasks and the preparation of the 1985 plan. Comrade Kempny also visited the East Bohemian Chemical Works Synthesia national enterprise in Semptin where he was briefed about the progress of work in eliminating the consequences of the recent accident.

COLOTKA INSPECTS ECOLOGICAL PROJECTS IN DOLNI KUBIN

LD121741 Prague Domestic Service in Czech and Slovak 1200 GMT 12 Jun 84

[Text] Peter Colotka, member of the Presidium of the CPCZ Central Committee and Slovak premier, accompanied by Ladislav Gerle, federal vice premier; Eduard Saul, federal minister of metallurgy and heavy engineering; and Vaclav Vacok, Slovak vice premier, arrived today for a working visit of the district of Dolni Kubin.

They inspected the erection of flue dust separation equipment in the Orava ferro-alloy works in Siroke. This is the first stage of the realization of an extensive equipment project, which will help reduce the amount of metallurgical dust in the vicinity of the works by up to 98 percent. The guests also inspected a second ecological project, the dust removal of workshop No 1 in Istebna. After the dust separators are put into operation in September 1985, the amount of pollutants will be reduced by 70 percent.

BRIEFS

INSTITUTE AGREEMENT WITH USSR -- A cooperation agreement for the years 1984 and 1985 was signed in Prague yesterday by Academician Zdenek Snitil, director of the Institute of Marxism-Leninism attached to the CPCZ Central Committee and Academician Anatoliy Yegorov, director of the Institute of Marxism-Leninism attached to the CPSU Central Committee. [Text] [Prague RUDE PRAVO in Czech 22 May 84 p 2 AU]

GDR'S FLEGEL ON VISIT -- Yesterday in Prague, CSSR Deputy Premier Karol Laco received Manfred Flegel, deputy chairman of the GDR Council of Ministers and chairman of the GDR State Contract Court. They discussed current problems of economic legislation and decisionmaking in economic disputes and the enhancement of the role of the law and economic arbitration bodies in developing the national economy. The reception was attended by CSSR chief arbiter Slavoj Vanek. [Text] [Prague RUDE PRAVO in Czech 22 May 84 p 2 AU]

HOFFMANN MEETS SWEDISH MILITARY DELEGATION

DW121908 East Berlin Television Service in German 1730 GMT 12 Jun 84

[Text] At the beginning of its stay in the GDR, a military delegation of the Kingdom of Sweden today met Army General Heinz Hoffmann, SED Central Committee Politburo member and minister of national defense. The delegation is being headed by Defense Minister Anders Thunborg. During the meeting in the Defense Ministry, Army General Heinz Hoffmann cordially welcomed the guests to the GDR, expressing his satisfaction with the friendly contacts which for many years have successfully developed between the two states and their armies.

The GDR defense minister informed the Swedish delegation about the National People's Army's humanist mission for the defense of peace and socialist achievements. He informed them about how the Army members are preparing the 35th anniversary of the German worker-peasant state in a worthy manner and with exemplary performance.

Anders Thunborg thanked him for the invitation and expressed his conviction that the delegation's visit to the GDR would give fresh impulses to bilateral relations. Earlier, the delegation was at the Unter den Linden Memorial to the Victims of Fascism and Militarism. Together with Army General Heinz Hoffmann and Lieutenant General Karl-Heinz Drews, city commander of the capital of Berlin, the guests paid tribute to the victims of fascist barbarism and imperialist war.

YOUTH FESTIVAL EVENTS CONTINUE IN EAST BERLIN

Military Activities

DW120953 East Berlin Television Service in German 1730 GMT 8 Jun 84

[Text] The program of the youth festival includes talks and meetings with politicians, worker veterans, and activists of the first years of the GDR. This morning, young Chekists wearing the blue shirt and Dzerzhinskiy soldiers at a militant meeting with the minister for state security, Army General Erich Mielke, manifested their alliance with the party of the worker class. The FDJ basic organization of the Ministry for State Security was awarded a Red Honor Flag of the SED Central Committee. At the Friedrichshain Festival Center, members of our National People's Army [NVA] Air Force welcome their guests with a whirl of dexterity, courage, and body control. In the morning cordial meetings took place here with Army General Heinz Hoffmann, member of the Politburo of the SED Central Committee and minister for national defense, and Eberhard Aurich, first secretary of the FDJ Central Council. Interesting facts about the Society for Sport and Technology flying sports activities are as much in demand as the training program of an NVA radio operator. There are many opportunities here for practical experiments.

Leaders Meet With Participants

DW120955 East Berlin Television Service in German 1730 GMT 9 Jun 84

[Roundup of reports on youth festival events]

[Excerpts] Members of the party and state leadership and other personages in the festival city today met with about 30,000 delegates from all FDJ bezirk organizations for political talks imbued with mutual confidence and a stimulating exchange of experiences and ideas. At about 100 youth forums members and candidate members of the Politburo of the SED Central Committee, members and candidate members of the SED Central Committee, ministers, state secretaries, as well as chairmen of mass organizations and presidents of academies and artists' leagues discussed with the young people the tasks in the struggle for peace and socialism.

The FDJ members reaffirm unanimously that they would perform new, revolutionary deeds for the strengthening of their socialist fatherland. All forums impressively showed that socialism and the young generation, the party and the FDJ, firmly belong together forever. The young people reported on their work in all social fields. They combined their questions with the protestation to continue preparing for the 35th anniversary of their state actively and full of ideas. The members and candidate members of the Politburo conveyed to the boys and girls the greetings of the general secretary of the SED Central Committee and chairman of the State Council, Erich Honecker. They congratulated the FDJ members who were honored 2 days ago for their exemplary results under the peace drive and awarded, as an additional token of acknowledgement, SED programs with Erich Honecker's personal dedication.

Willi Stoph, chairman of the Council of Ministers, met with FDJ members of Dresden Bezirk at the Bruno Leuschner College of Economics. The dialogue between the FDJ members with the premier was marked by the continuation of tested traditions and the manifold, great tasks which the youth face today. This meeting was attended by Hans Modrow, first secretary of the [Dresden] Bezirk SED Executive Board. In keeping with the industrial structure of Dresden Bezirk, the primary concern was the share of youth research collectives in the even speedier development of microelectronics and robotics and the further, consistent fulfillment of the housing construction program up to 1990. At the forum Willi Stoph answered many questions pertaining to international politics, for instance, the cooperation with Japan, the Stockholm conference, and the U.S. high-interest policy.

Festival delegates of the National People's Army and of the border troops have come to the club of the Nikolay Bersarin barracks. Army General Heinz Hoffmann talks with the FDJ members in uniform. The minister for national defense explained in this dialogue the Warsaw Pact states' active engagement in a policy directed toward peace. Answering questions about possibilities for maintaining the military balance despite NATO's arms buildup, he reaffirmed that, notwithstanding all dangers conjured up by imperialism, it is not only necessary but also possible to foil the concept of the nuclear war strategists. In the connection he drew attention to the growing political, economic, and military strength of socialism.

Asked about the voluminous peace initiatives of socialist states, Army General Heinz Hoffmann referred to the statement of the eighth Central Committee meeting according to which the course of continuation of the political dialogue, stipulated by our Central Committee, also proves its worth. What primarily matters in this context, he said, is to expound and enforce the policy of the Warsaw Pact states which is aimed at peace, ultimately with the goal that war must never again emanate from German soil.

Irene (Eggert) of the Karl-Marx-Stadt Bezirk delegation posed the first question at a forum in the pioneer palace. She was interested in the results to date of the central youth project titled FDJ Initiative Berlin. Egon Krenz paid tribute to the great achievements of the young construction workers from all bezirke, who now number 16,000, and recalled the beginning 8 years ago when 400 construction workers were the first to come to the capital. Since then the FDJ Initiative Berlin has become a quality label. Testifying to this are, among others, Marzahn, the Friedrichstadt palace, thousands of modernized apartments. At the forum, at which Eberhard Aurich and Siegfried Lorenz, first secretary of the [Karl-Marx-Stadt] Bezirk SED Executive Board, were also present, young scientists asked about the significance of the youth research collectives. Egon Krenz replied that they constitute an initial, great test for graduates from institutes of higher learning. Scientists and workers jointly solve ambitious projects of the plans for science and technology. There are 513 such collectives in Karl-Marx-Stadt Bezirk now which succeeded in solving many of the tasks posed for them ahead of schedule, prior to the youth festival.

A microchip such as the one shown here saves 306 kilograms of material, for instance, for resistors and diodes. Proceeding from this example Guenter Mittag, addressing the 960 young people from Erfurt in the Kosmos motion picture theater, stressed that it is extremely important that the FDJ, by its initiative for microelectronics, has made the policy of the 10th SED Congress its own cause. Rainer Ziegler reported to Guenter Mittag and Gerhard Mueller, first secretary of the [Erfurt] Bezirk SED Executive Board, that the labor force of the Soemmerda office machine factory has fulfilled 60 percent of the plan targets for science and technology.

Citing many facts, Guenter Mittag proved that the intensified international situation is quite clearly the fault of the United States and NATO. He emphatically rejected revitalized revanchist positions of ultras in the FRG. He said that jointly with the USSR the GDR will do everything to safeguard peace. Comrade Erich Honecker is a particularly strong advocate of this course. Answering the question of Eckhardt (Schwers), student at the teacher training college, the speaker declared that the main task justified at the Eighth SED Congress has turned the GDR into an economically highly potent state. The results, which increase yearly, benefit the people.

With fulfilled festival mandates to Berlin: Halle presents itself as a modern industrial bezirk with a highly developed agriculture. In a dialogue with Margot Honecker, minister for public education, 30 members of the Halle delegation in the Ministry for Public Education discussed many good achievements attained in the past few months and weeks in the factories, universities, and schools of the Saale Bezirk. It goes without saying that experiences are gathered in the joint work of the school and the youth organization in communist education played a special role today. Many a suggestion will soon be put into practice by the teacher trainees or in the bezirk capital's house of the young pioneers. Subjects of discussion were questions concerning the extracurricular activities as well as the requirements posed to teachers and pupils by scientific-technical progress. The FDJ members used the opportunity to obtain first-hand information about topical domestic and international issues, and on their part they advanced some suggestions on how young people can work in the struggle for a peaceful future.

INDUSTRY PERFORMANCE STATISTICS SHOW MAY GROWTH

AU121707 East Berlin NEUES DEUTSCHLAND in German 8 Jun 84 p 1

[Text] Berlin (ADN) -- As a result of the efforts of the working people during the 35th anniversary of the GDR, the significant growth of and the increase in the efficiency of the GDR economy continued in May 1984. According to statistical surveys now available, produced national income grew by 5 percent. Industry is making a large contribution to this increase in national economic performance and efficiency. Net production in the field of the industrial ministries increased by 7.9 percent. Labor productivity increased by 7 percent. Costs decreased by 2.6 percent.

In the field of the industrial ministries, industrial goods production increased by 4.3 percent. The rise in plan fulfillment increased to M1.9 billion. The increase in the production of consumer goods is continuing. About 6.5 percent more finished products than in the same period last year were made available to the population. On this basis, retail trade turnover for the people increased by 4.6 percent. In regard to industrial goods, growth amounted to 5.2 percent. Concerning essential and non-essential foods and beverages, turnover increased by 4.1 percent.

Up to the end of May 1981, 236 apartments had been built or modernized. Living conditions were improved for some 244,000 citizens. The growth of net production in the construction sector by 8.2 percent offers an important basis for this. Labor productivity in the construction sector increased by 8.1 percent.

In agriculture, state procurement concerning slaughter animals increased by 10.6 percent, concerning milk by 6.4 percent. Concerning eggs, the plan was overfulfilled with 53.3 million eggs.

In the transportation sector the transportation demands of the economy were fulfilled. The specific transportation expenditure in the national economy was reduced by 4 percent.

In regard to the individual fields of industry and the construction sector the following development was achieved for the growth of net production and labor productivity:

	Net Production	Labor Productivity
	(in percent)	
Coal and energy	9.5	7.8
Ore mining, metallurgy, and potash	8.4	8.1
Chemical industry	6.1	5.9
Electrotechnology/electronics	12.1	10.6
Heavy machine engineering and installation construction	6.5	6.1
Machine tool and processing machinery building	8.8	8.3
General engineering, agricultural machinery, and vehicle building	5.5	4.2
Light industry	8.1	8.3
Glass and ceramics industry	8.1	6.8
Bezirk-administered industry and foodstuff industry	7.6	6.5
Geology	16.3	14.4
Construction sector	8.2	8.1

In regard to bezirk-administered industry there was the following development for the growth of net production and labor productivity:

	Net Production	Labor Productivity
	(in percent)	
Berlin	12.0	8.5
Cottbus	8.3	7.1
Dresden	5.0	4.5
Erfurt	8.6	7.2
Frankfurt (Oder)	6.7	4.8
Gera	6.4	5.2
Halle	6.1	5.6
Karl-Marx-Stadt	8.0	6.7
Leipzig	7.9	7.5
Magdeburg	10.0	8.9
Neubrandenburg	5.3	3.4
Potsdam	6.8	5.0
Rostock	8.7	7.0
Schwerin	9.9	7.8
Suhl	5.1	3.6

MINISTERS, OFFICIALS ON ECONOMIC DEVELOPMENT

LD080620 Budapest Television Service in Hungarian 1800 GMT 7 Jun 84

["Forum" discussion program presented by Tamas Vitray, with Ferenc Havasi, member of the MSZMP Central Committee Politburo; Laszlo Kapolyi, minister of industry; Jeno Vancsa, minister of food and agriculture; Erno Lakatos, departmental chief of the MSZMP Central Committee; and Frigyes Berecz, managing director of Beloiannis Enterprise]

[Excerpts] [Vitray] Good evening, dear viewers. I think I am right in saying that the policy on the further development of economic management came about 1 and 1/2 months ago. In view of the fact that everybody has read it and everybody knows what it is about, we thought it would be a good idea this time to invite not the pundits of economic theory but men of practice who will give practical replies to your questions, so we can learn what this further development is about, what its objectives are.

Now, I think that in one respect this forum will be unusual in that before we look at the questions it would be a good idea to find out in broad outline why it became necessary, how it is new, what its objectives are, what big steps it tries to use in the further development. Allow me to introduce our guests: Ferenc Havasi, MSZMP Politburo member and Central Committee secretary; Jeno Vancsa, minister of agriculture and food; Laszlo Kapolyi, minister of industry; Erno Lakatos, department chief of the MSZMP Central Committee; and Frigyes Berecz, managing director of the Beloiannis enterprise.

Allow me to begin by acquainting those of our viewers not yet familiar with just what is meant by this further development -- not to use the word reform. Well, Comrade Havasi, please. I believe you have had a few opportunities in the recent past to report on and speak about this in all kinds of forums. Will you please begin and allow me, should questions arise which concern the others too, to ask them also.

[Havasi] Before we speak about the further development, just a few words about why this has come on the agenda at this time. As Comrade Vitray asked earlier on, I would like to refer to the fact that since 1978 we had been pursuing an economic political course, the essence of which was that all main economic activity had to be subordinated to one or two main economic political priorities -- above all to balance and maintain solvency. We achieved this objective. Therefore, the economy achieved a balance. The objectives which we set for ourselves in 1978 -- our international balance of payments, our foreign trade turnover, our budget in the domestic balance conditions, the need for solvency, and the supply of goods -- in their entirety all these objectives which we set for ourselves in a very critical period, I feel we have attained. Now we face a new turn, a turn when we must think how we can satisfy a new system of requirements, a system of requirements which will consolidate the attained balance conditions and stabilize them, and how we can, so to speak, introduce into the economy larger, higher dynamics. What we must do is replace this economic policy of 5 years, which is in fact equipped for defense, this economic policy which is subordinated to balance, with something that will allow us to spend more on the living standard and also to move stockpiling away from the critical point to which we were forced to return it.

[Vitray] So does this mean that from a kind of holding back, which characterized these last 5 years to enable us to create a balance, we must now step into a different phase, a more active phase?

[Havasi] That is right. We must step into a more active, more expansive phase, because if I may put it this way, defense, stagnation, will sooner or later produce a sense of recession.

[Vitray] That is: To stand still is to slide backward.

[Havasi] Yes, to slide backward. So, we think that the time has come for us to change and, as the continuation of this economic policy, for us to be able to create a dynamic and a larger growth rate. That is why we had to review our system of economic management that had been operating for 16 years and to work out proposals for what we must do in all our important elements in order to further develop this system of management that functions -- and in its entirety, functions successfully.

[Vitray] Now let me ask the two ministers what this means from the point of view of their ministries. For example, I think that in your ministry, Comrade Vancsa, these new aspects have experiences of many years, more so than in the Ministry of Industry.

[Vancsa] Yes, they have, but I too must begin by saying that agriculture still has three significant tasks: to supply the country with food, to take our part in international relations at a faster rate and more effectively, and last but not least, to contribute in a greater degree to the national income. As Comrade Havasi said, we have to create by ourselves the material conditions of this more expansive phase. We cannot count on others. As far as agriculture is concerned, it has many peculiar features, among them the fact that there is an outstandingly well proved agrarian policy which has created many possibilities for the producing plants and the holders of small household plots as well. To mention just one thing in our circumstances, for example, 90 percent of the agricultural producing plants are production cooperatives where the management conditions have for many years been such as those which we are now striving toward in the state enterprises.

Among other things, the point is that we do not have rights of ownership with these, but we assert the central will with entirely other means. Well, building on this basis, there are altogether 1,800 enterprises in the country belonging to the Ministry of Agriculture and Food; of these only 250 are state enterprises. The further movement of these 250 in the system of management will, in many respects I think, be realized in a simpler way, building on the experiences of the cooperatives. We will strive to create uniform handling, uniform regulation, equal chances of obtaining an income, and with this to develop the entire food sector -- from raw material production to the final product, fixing the path of the product -- and we will strive to manage more effectively. Therefore, we have many tasks in connection with this, whether we look at prices, at market supervision, or other means of regulation such as the proportioning of earnings and wages, the question of taxation, or the matters of the sectors. We have to maintain an interest in the various sectors, and we have to better harmonize the endeavors toward integration; the system of management provides new conditions and possibilities for this. And I could go on. So we have useful experiences to the extent that, in my opinion, we will be able to advance more easily than those areas where the further development of management affects the entire enterprise sphere.

[Vitray] Comrade Kapolyi, in your department the thing is quite new. How much bigger a problem does it represent from the point of view of your ministry?

[Kapolyi] I do not think it is a bigger problem, but it will have the advantage that if the system of economic management is being modernized, then the industry's sphere of action will expand, and those processes may speed up which are absolutely necessary if industry is to fulfill its role to which Comrade Havasi alluded in his introductory remarks. So now, industry has to go with greater dynamics in the framework of an accelerating economy...

[Vitray interrupts] What we do not know is how much the influence of the ministry will change in this further development.

[Kapolyi] Well, I first wanted to speak about the way this modernization will affect the whole family of industry. The ministry is a member of this family, and the enterprises are also its members. I think that the process which will increase the role of the market and increase the independence of the enterprises undoubtedly means that the ministry will find it easier to manage the growing performance. The sharing of the right of ownership, the division of the role performed in the management of the economy, will quite unequivocally lead to the increase of enterprises' independence...

[Vitray interrupts] Please explain for the sake of those who do not know how the right of ownership will be divided.

[Kapolyi] New forms will develop in the course of the modernization of economic management, forms in which the enterprise collectives will be better able to remain with the property.

[Vitray] What will the ministry hand over from its former sphere of authority?

[Kapolyi] Forms will appear such as enterprises directed by enterprise councils, and entire activity managed by means of an elected leadership. These two new forms lean on the experiences of Hungarian agriculture, and we are very proud of the fact that henceforth the two sister branches will be connected, not only by the fact that Hungarian industry's good tractors have helped the good results of agriculture and that the Hungarian chemical industry regularly serves Hungarian agriculture.

[Vancsa] I would like to make an observation: This right of ownership is a very serious matter. It means that all the instruments which were in the hands of the main authority up to now... let us take a simple instance, to make it clear: Let us say that a state farm only possessed certain permissions to manage the state property placed at its disposal; let us say it wanted to hand over a capacity to another or wanted to enter into a joint understanding, then it had to request permission from me and from the various organs of the main authority, it had to make a report, and so on. In the new system that we want to create it will be able to practice this right of ownership independently, and in this respect our sphere of influence will be quite diminished.

[Vitray] Taking the risks, accepting the decisions.

[Vancsa] That is so, that is so.

[Vitray] And what happens, for instance, if it decides that it will not produce this, because it is not economical but it is wanted?

[Vancsa] Well, in industry, as Comrade Kapolyi says, we have practice in this.

[Vitray] Comrade Kapolyi, what do you answer in this connection -- such an event takes place?

[Kapolyi] Well, the government has a duty to supply in this case and in respect of the industry as a whole; such issues have always been capable of solution until now. It is the basic condition of the process of economic management modernization that the market should become a supply market and that the enterprises should compete with each other in this market. In connection with this, I would like to conclude the train of thought I began earlier, that we would like to make use of the experiences of agriculture in connection with these new forms, and we would expect, in any case, the quickening of the flow of money and of means of production within industry exactly because in our case the maneuverability of industry has been extraordinarily fluid. We have not been able to develop sufficiently fast enough to suit requirements of those transformation zones where the development of industry should speed up, and those zones that are to be regressed could not be formulated sufficiently fast and consciously. Therefore, in most cases we have not consciously left markets but have been forced out where the product or the production structure has not been sufficiently modern.

Well, as a result of this process, we would like to expect the creation of exactly these dynamics. Naturally, for this, it is necessary that the reform should realize its promises, that the price system should be more flexible, the tax system should become simpler, as well as the contact system of industry and the state budget. Today, we have 290 points of contact with the budget. This number describes the number of points where industry is supported or its money is drawn away. I would like to emphasize that the drawing away is much larger than the support...

[Vitray interrupts] Quiet messages these are I think, are they not?

[Kapolyi] We also expect that with the new forms of income -- for example, with the abolition of the average wage level -- the achievement and wages will be more closely connected and the process of differentiation could develop further and better.

[Vitray] I think there will be plenty of questions concerning this, those that refer to concrete individual cases. I soon will ask for these questions. We will change the telexed question to Erno Lakatos -- this is not even a reply to this question, but this suggested my question. To what extent will the new enterprise system, to be introduced from 1985, resemble the Yugoslav model, someone asks. My question, in contrast to this, is: Concerning this, just how were these events that are, after all, a month and a half old, received; what was the international echo of this event? After all, you have the best overview of this.

[Lakatos] Yes, I consider this a legitimate question because such steps, regardless of which country makes them, create a great echo. Well, the first point is that in the socialist countries, the press followed this event with great attention; the radio, television, and press reported it in detail in every socialist country. In the Western countries, it was received with a sober voice; after all, the laws of economy are laws everywhere. Perhaps the modesty in which it got to the international public -- nothing that could have caused misunderstanding was overemphasized -- the communique, and the stance that was published soon afterward explained realistically. This, in reality, created an objective reaction.

Perhaps I could say that there were such expectations, naturally; one, after all, cannot expect the bourgeois press to be overjoyed by a good measure in Hungary. But I emphasize that the press has taken an objective approach. I could quote reports by news agencies or press, reputable papers like the ECONOMIST or the GUARDIAN, or other papers that dealt with the issue very objectively.

There is a third area of international echo, the organs which are enemies of ours. I think here of those radio stations and press organs that are openly hostile to Hungary. These latter have gotten into a very difficult situation.

On the one hand, they were pushed by the reality of the other bourgeois press, but they have tried to explain to the population these in such a way as to cause us worry. Fortunately, our information service was not beaten in this, for 2 days after the meeting of the Central Committee, its decision could be read by everyone; and soon after that, the full text was published in two very important organs, TARSADALMI SZEMLE and PARTELET, so everyone could read it. I can say that a wide range of the population, at least those whom it may concern, know it well.

[Vitray] The domestic echo can be measured also by the number of questions. Let me ask Frigyes Berecz whether there is any idea already in Beloiannis factory concerning the foreseeable measures for further development, and to what extent do these apply to you; it is only a month and a half, after all?

[Berecz] Concerning the new enterprise forms, in my experience, the public opinion of the enterprise is divided three ways...

[Vitray interrupts] Here you are thinking of the enterprise council, for example?

[Berecz] Well, in our case, the most likely is the enterprise council, for we are an enterprise of 9,000 employees. Managers anticipate differently from the active public opinion of enterprise employees, who are not in management positions but are passionately interested in the economic situation and would like to join in, while there is less attention among those who think that for them, it is all the same whether the director manages the enterprise single-handedly or it is done by an enterprise board collectively. They only want work conditions to be provided, and the people should be able to work without stopping and should be able to earn well.

[Vitray] Let me ask about the difference between the managers and the actively participating workers. What does it mean; is there a tightness among managers?

[Berecz] I think we do not have to deny that this exists, not so much because of the form chosen -- for as Comrade Havasi also said, as well as the comrade ministers, in Hungary at councils, in party apparatuses, at social organs, and production cooperatives, it is a well-tried method that has proved itself. I could also say -- and every logically thinking man thinks this also -- I think that appointing a manager who has been approved by the will of many more people should give greater security to the man in the manager's chair than someone who is a manager on the basis of a decision of a few men.

There will be a compulsion for achievement in the manager to ensure repeated reelection based on trust. We hear this from managers of cooperatives, but, nevertheless, it is an unusual form in industry, and the managers feel that it will depend to a large extent on the details of regulations and measures and on the people who are delegated into these councils, whether this operation will be better or will cause transitional problems.

[Vitray] If you please, perhaps the question of a university student, Ildiko Toeroek, applies to all of us. I pose it -- but it does not mean that everyone must comment on it -- but the question is interesting. She says: "I read in Tuesday's NEPSZABADSAG that wages in Ganz-Mavag [enterprise exporting locomotives and equipment] rose last year by 16 percent, while losses increased to more than one-half billion [forints]. What do the enterprises which are functioning well, and what do you, say to this? Does anyone want to comment on this? Please.

[Kapolyi] We are dealing with the situation that has developed in the Ganz-Mavag, in the first step of the favorable, experimental wage regulation, which only nine enterprises joined last year. In 1984, more than 80 industrial enterprises already have joined it. Ganz-Mavag had to be excluded. At the same time, a settlement of the situation of Ganz-Mavag shortly will be taken to an economic committee, because while the enterprise has become loss-making, it has commitments, in the system of the international division of labor, whose fulfillment must be attended to not just by the enterprise, but by all industry.

A technological reconstruction got underway in Ganz-Mavag some years ago. The first phase of this has been concluded. Its second phase will proceed further in a corrected form, in accordance with the system of changed requirements. My concrete answer is that this was not right. A suitable measure has been taken for this. There is a need for the activity of Ganz-Mavag, for the work of the collective working there, for that production culture, from the viewpoint of both the international and domestic obligations of industry, so we shall attend to the conditions of its operation.

[Vitray] Thank you. Peter Buzazi, 172-200. If you please, if it is not expressly addressed to one person, then feel free to speak if you feel competent and desire to comment on it. In the past, the proportion of profits drawn away from the enterprises has increased from year to year. Does the money shortage not make development impossible?

[Havasi] The questioner is right to establish that the proportion of money drawn away has increased. No one does this of his own accord. Here, government and the financial administrative organs have conscience pangs, not just because the proportion of money drawn away has increased, but because it has been drawn away from those [enterprises] where it should have been left, that is, money has been drawn away from the good ones, which had profits.

So all of us here know that these enterprises should instead have been given [money] so that they could invest it so as to get their outlays back in as useful a manner as possible. The reason that the practice differs from the economic theory that was proved true a long time ago is simply that we have had pressures, tasks, obligations, vis-a-vis which we have had no choice other than to draw on the profits of the enterprises, and draw them away.

[Vitray] The second half of the question goes: How can these develop further" Is development not hindered?

[Havasi] If this continues, then they will develop with difficulty. So this must be changed. For this reason, our plan regarding a further development of the economic macromanagement system and regarding a change in our situation is that the enterprises should administer an increasing proportion of the profit created.

[Vitray] That is the answer. Now for additional remarks.

[Vancsa] Perhaps I might be allowed to add that in fact these restraining measures give rise to many useful experiences. At least, this can be observed in our sphere: on the one hand, a better than ever before utilization of means, useful construction projects and investments, which previously were not characteristic of constructive investments, and together with these, the unprecedented mobilization of possibilities and reserves. I have said this not because I might not agree with the comments, but in order to convey that this also has such an effect, together with the fact that these reserves generally are being exhausted; and in truth, progress can be made and there can be development only in this manner, as Comrade Havasi mentioned.

[Vitray] The paraxodical situation with these is that in fact, those who produced best suffered the most. One of the main reasons for the economic changes of 1968 was for enterprises to become independent, in the interest of more efficient management. Now, too, this is heard, but what is the difference between the two? For example, asks Denes Lengyel, 693-373, at your place, in the BHG [Beloiannis Telecommunications Factory]?

[Berecz] I think that there will not be a radical change in the increase of independence. The experience of our enterprise also is connected with the fact that we always have been a strongly export-oriented enterprise. It also has required a good deal of independence in the last years. This independence should increase further, and I feel our task to be a further advance on an unchanged course, a further strengthening of our situation. I do not sense a radical change from this viewpoint.

[Havasi] There are very many similar characteristics in these two realizations -- the realization of 1968, that the independence of the enterprises must be increased, and what occupies our thoughts now, that there must be further development. I also believe that the feeling in 1968 that independent enterprise management should be created was good from this viewpoint. In my opinion, for some reason -- for political, world economic, and many other reasons we realized this at a slow pace and with breaks here and there.

Perhaps, among the present plans, precisely the distribution of rights to dispose of property between the ministries and enterprises means a wualitative change -- this was already mentioned in the answers of Comrade Berecz and Comrade Vancsa -- in that here it is a very important prerequisite, a condition of management. Beyong financial and legal independence, it is supplemented with the opportunity to administer property, in fact, in the long term, with an interest in increasing property. So let me say that now there are potentially somewhat greater hopes that the recognized independence of enterprises should be realized. And it is really developing in the direction of true enterprise independence, of developing the business and entrepreneurial activity of enterprises.

[Vitray] In the meantime, a question. How many people are affected by the experimental wage management, about which Laszlo Kapolyi has spoken, and is there such an experiment in agriculture too?

[Vancsa] In 100 enterprises such an experiment is taking place in agriculture, and some 200,000-250,000 people are affected by it, together with the food industry, so this is quite a large experiment.

[Vitray] The question of Daniel Karakas, 190-193, also is pertinent here. Why can enterprise wages-fund management not be extended? Can unemployment follow from this?

[Kapolyi] It is certain that there will not be unemployment in industry. Rather, it is evident that there is a regular flow of force away from industry. An offsetting of this outflow of work force with technology would be a solution, primarily in the machine industry. The outflow of work force...

[Vitray] Where is it going to?

[Kapolyi] Partly to agriculture, partly to the service industry. However, it must be said that economic history has seen several such events when industry, in a difficult situation, was able to emerge victoriously from the process during various phases of development, at a higher level of output, with higher productivity, so that it released work force, and technology. The modernization of technology took its place.

This process is also taking place now, although I must note that at the enterprises where experimental wage regulation has been introduced, the work force situation has stabilized, and generally, at these enterprises, development has become more dynamic, in comparison with the general picture. Nevertheless, the development of wages was not proportionate to performance in every case. Therefore, in the future special care invariably must be devoted to making wages proportionate to performance, in experimental wage regulation too.

[Vitray] The Kossuth agricultural producers' cooperative asks: Since the system of support payable at present in various forms to agriculture will stop beginning on 1 January 1985, how will this change affect the support of price supplements given to agricultural producers' cooperatives with unfavorable endowments?

[Vancsa] In contrast to myths, agricultural support has not decreased, but increased in the past years. In the second half of the seventies it amounted to some 12-15 billion forints per year. In the past year, it amounted to 29 billion forints. On the other hand, substantial changes have taken place in its structure. We have decreased so-called investment subsidies by 20 percent, under the influence of the withdrawal measures, which has been mentioned, and instead, operation price subsidies, the support of farms with unfavorable endowments, and the subsidy of consumers' prices have come to the fore. This is not our problem. We do not wish to stop subsidies in our branch from one day to the next, although this would not be a solution; instead, where there is an opportunity for it, state subvention must be decreased. I think that this is a sensible endeavor, and it is related to the requirement of efficiency, which has been mentioned. However, at the same time, I must say that we are not considering very radical measures for 1985, which would make the situation facing farms with unfavorable endowments impossible.

By the way, in the past year, these farms received subsidies worth some 7-8 billion forints; moreover, as Comrade Havasi has pointed out, we reorganized the results of the good farms, within certain constraints, so that we hit these farms by drawing off less money from them compared to the more unproductive farms.

It is clear that it cannot be otherwise in the future, because every hectare of land must be cultivated. Therefore, we shall not put these farms in a situation such that their farming situation might become impossible. Thus, by certain restrictive measures, we must better mobilize the possibilities in the given spheres.

[Vitray] If you please. Earlier, it was mentioned what will happen if some enterprise says that it is not economic for it to manufacture something, and it simply stops making it. I think that someone on the telephone from Szekesfehervar is reacting to this, when he says: Very well, but what means do you have to force enterprises to produce the necessary items if they can independently decide that this is not economic? If there are such means, who gives the money for it?

[Havasi] This is an exciting question because it is a long-standing theoretical realization: How could this certain responsibility for supplies be resolved? It was mentioned here that we view the responsibility for supplies to be a function of government, and not so much a function of enterprises. However, as long as this situation emerges in practice, that is, this responsibility taken away from the enterprises and unequivocally put on the government, in my view, it must be interpreted as a process; this cannot be resolved from one day to the next, because, among other things, of our present price system. If something is not economic, it can be made economic either by producing the product such that it fits the current prices and is profitable, or by raising prices and making it economic.

What means does government have if, let us say, a dispute develops between an enterprise and government? One is that if there is a need for a product, the government says that it will recompense it and ensure everything that is needed for such production. It gives money for it. Or, if it cannot be understood, and this is conceivable, then certain subsidies, preferential treatment which such an enterprise receives from the government, the budget, commerce, and elsewhere, are perhaps tightened. Thus the government is not entirely at the mercy of the enterprises. I think that it is not the emphasis of the extremes that is important here, but rather that a well-functioning system of producers' prices should be able to put government and the enterprises as its common interest.

[Vancsa] We have certain experiences here, since the producer cooperatives produce 80 percent of the agricultural products and we never issue directives concerning them. And I think beyond this, as Comrade Havasi said, it is extremely important that between the given main authority -- be it minister or ministry -- and the producer enterprises a system of relations develops which guarantees reciprocal and immediate information, which makes prevention possible, so to say.

[Vitray] A viewer asks where we have the bigger lag: in the product standards or in the production standards?

[Kapolyi] It is very difficult to make a distinction. To sum it up with regard to industry as a whole: Both. For this reason one of the fundamental aims of the modernization is to modernize the production structure and the product structure -- that is, to speed up technical development in both areas. I would like to make a remark here, and for a moment I will return to the previous question; I would like to add to what Comrade Vancsa said. A key issue of industrial development is that worldwide there has now developed a technological price explosion, the speeding up of technological development. For this reason it is vital for industry to change quickly and modernize quickly both in products and in the production structure, in technology. As this happens, tensions may develop in market relations, either in the domestic market supply or in various export relations.

Thus, on the basis of economic committee decisions, in 1983 and 1984 we expanded the sphere of enterprise agreements in which we fix the target, and the system of methods and conditions. And we would like to expand this sphere of agreements, to expand their content, and in this way find the bridge to which Comrade Vancsa also alluded. Comrade Havasi said that the transition will be gradual. In this transitional period the unfolding of performance will lie in the expansion of this sphere of agreement.

[Vitray] I believe this question from viewer Jozsef Bognar is definitely intended for Erno Lakatos. It asks -- and I read it word for word -- is there any directive on the way such an important economic change has to be announced to the public?

[Lakatos] Well, in information there are no directives. Information has a lot of channels and the people working there are responsible for the way in which, finally, they explain things. And the media forms are very different, too. Radio is one thing, television another, and the printed press another; and other methods of mass work are different, too. So this kind of activity is planned in every establishment according to its particular possibilities -- here in television and elsewhere, too. And perhaps the period that has gone by proves that, if I may say, the workers of the Hungarian mass media are well aware of their responsibility in this, and this determines how it appears in the press.

In fact, the NEPSZABADSAG article about the Ganz-Mavag referred to above is also a part of this process, with the journalist right inside it, seeing the process, the anomalies, revealing, highlighting, seeking a way out. I could add that the reporter turns into small change all the big problems which are formulated in a party resolution, in the adoption of a stand and then in government decisions. Nor is it a coincidence that concrete activity is now only beginning in the mass media, since both the communique that was issued on the Central Committee session and the stand that was taken formulate principles.

The real work has to follow the administration's decisions, when it will be possible to explain how things happen, how things form, when it will be possible to show how such a decision can unfold. It can only unfold as a consequence of the work of a great number of people, in both main branches of the national economy, naturally. But I must add that for this to unfold in the economy, first of all people must understand it, must understand the intentions in order to find out what they can do.

So, I stress, there are no directives of this kind here, and there is no organ for working out such directives. The press, or the mass media, proceed just as any ministry or the government would: They look for ways to implement the basic decision, and in this way the mass media seeks to inform people, as does all mass work.

[Vitray] A reaction to Jeno Vancsa's remarks: Sandor Nagy phoned from Hodmezoevasarhely to ask, in connection with the remarks on ownership conditions: Are the proportions of socialist property changing, or is it the intention to introduce some kind of production similar to the capitalist one?

[Havasi] In this stand of ours, we unequivocally stated that the proportions of ownership conditions in Hungary are not changing. Therefore, the reform, the further development of the management system, if we can put it that way, has neither consequences nor objectives of this kind. It is possible to live very well with the ownership conditions that exist in Hungary at present, in which the socialist ownership conditions dominate the industrial and cooperative ones, and the household farms and the auxiliary farms assist the industrial supply. These must be given oxygen, must be given air so they may flourish. They must be guaranteed an adequate scope of activity. Unnecessary limitations and bureaucracy must be swept off them, removed: Then they will be viable for a long time.

[Lakatos] I agree entirely. The forms of ownership, however, are becoming richer. We come across forms of ownership which do not yet have names, or should I say, they have a name when the state enterprise and the cooperative -- that is the indivisible state property and the common property -- jointly create a new indivisible property, or when indivisible property is created on the soil of the property of several cooperative properties, that is, for example, when four or five cooperatives set up a big meat processing plant, for instance. So, a wide wealth of forms of property unfolds. But I could also say this about agriculture, when these big enterprise forms come into being, when one firm holds together 8, 10 or 20 farms. But in any case these create a rich form of property on the socialist soil without any change in the socialist proportions. And I would also add that a great many people, perhaps even our sincere friends, raise the issue -- in the matter of ownership conditions -- of the presence of the private sector.

[Vitray] With doubts?

[Lakatos] Perhaps also with doubts and with other things -- it is not always a question of doubts, perhaps it is a lack of information as well. And I think that the approximate 3 percent which is at present characteristic of Hungarian economy, in no way endangers socialism, could not endanger it even if it increased in some relations to 3.5 or 5 percent, since presently we belong in the last third among socialist countries. So, among the fraternal countries which pursue the socialist path there are higher ones.

[Vitray] Are there precise data about the percentages of the private sector as against the socialist sector in the various countries?

[Lakatos] We do not usually make such measurements in concrete terms, but we have some data for comparisons, from which we can preceisely....[Lakatos pauses] because in every country...

[Vitray interrupts] Then how is it that they raise the question?

[Lakatos] I do not know if they raise it, or if when they compare the socialist countries...[Lakatos pauses] it is rather a Western practice that takes the example of a socialist country and tries to compare and constrast the practices with other socialist countries, although the historical circumstances are different, the concrete economic circumstances are different, and apart from this you cannot do this in any socialist country. The fact is that with this 3 percent figure we can say that ours at present is in the lowest, or one of the lowest, spheres.

[Havasi] In my opinion, the appearance and atmosphere are entirely different if one has gone back, let us say, to 1 percent, sometime in the heroic age of nationalization, and now has retreated from this to 2 or 3, or at least (?10). [sentence as heard] It is not a retreat if we go from 1 to 2 percent.

[Vancsa] We also have a bad practice; we report and evaluate this with our statistics. We say that household plots and small-scale production produce 20 or 25 percent of production, but it emerges that the materials and means necessary for this -- fodder grown by large farms, the tools, machinery services and other things provided by these -- are not included. And then Radio Free Europe says that 25 percent of production is produced from this 2-3 percent of the land.

[Vitray] Kalman Laszlo, 653-657, asks if the enterprise management councils will be able to do their task if their members are in a relationship of subordination to the manager. I ask the manager, first.

[Bereca] There certainly will be problems in the situation of mutual dependence, but again, I can only say that this mutual dependence exists in every sphere with elected leaders. The leading bodies and the elected leaders of the bodies can still work well together. The fundamental issue is not whether or not they are elected, but what performance the leader exhibits in this position, and how it is recognized by the collective which elected him.

[Vitray] Comrade Berecz, you mentioned a situation of mutual dependence. What exactly do you mean by this?

[Berecz] For example, at the enterprise council, the leader, the manager, can take some of the leaders into the enterprise council.

[Vitray] So they will become members automatically, if they so desire.

Automatically, in the sense that it is the right of director to designate some of the leaders, up to the proportion allowed by the decrees -- no decree has been issued yet about the elected proportion -- and it is apparent that they will not be more than half, rather, they will be less. The decree is not yet out as to whether the chairman will be a separate person within the enterprise council. If he is separate, then some specialized manager, delegated by the director, or some factory manager might become the chairman of the enterprise council. Now, the chairman exercises the employers' right vis-a-vis the director, vis-a-vis the director who took him in, and probably, the director exercises the employers' right vis-a-vis the person he took in, vis-a-vis the chairman too.

However, such mutual dependencies exist in the elected leadership; this is prescribed.

[Lakatos] I previously wanted to join Comrade Berecz, when he spoke about this topic. Here, there is a very interesting dialectic of collective wisdom and one-man responsibility. It cannot be disputed that the director responsible for what happens in the workd place, one person together with collective wisdom.

And there is another interesting aspect, not just concerning the director and the enterprise council, for example, the leaders representing the trade union or other mass organizations in the enterprise council will not be elected members either. So they will not possess a vote; another electoral circle will send the trade union leaders there.

[Vitray] Let me interrupt, here. Istvan Ferenczi, 250-290, asks: If this new form of leadership is created, what role will the assembly of trade union steward delegates have?

[Havasi] This division of labor and the proper operation of the mass organizations, the trade unions, will not be affected by these forms of direction. So the trade unions interest-protecting activity will take place as sovereign and autonomous as hitherto, since the enterprise council should be classified in the category of employer. The bodies of stewards and all of the trade union forums are in the category of employees. Maybe it is worthwhile to note here that the trade union -- the bodies of stewards, the trade union councils -- will act as partners of the director, that is, the director appointed or accepted by the enterprise council, not as partners with the body itself, but with the director. Thus, they will pursue the well-interpreted interest-protection activity, just as they do at present.

[Vitray] Please, it is asked: If the council elects another leader, what will happen with the appointed leader?

[Havasi] I think that there is some confusion in the question. There cannot be leaders of, so to say, two kinds of legal standing. If we are speaking about an enterprise under the direction of an enterprise council, then this is an employer of the director. This is one type of direction. The appointed leader, the leader appointed by the ministry, functions in another category of enterprises, in the large public works enterprises, in the large infrastructural enterprises, in the enterprises which are important from the viewpoint of defense. Here, appointed directors function. There is another group of enterprises, with enterprise councils, a third group, directed by leadership elected by the membership.

[Vitray] Let me ask: When the change does occur, what will be the fate of the hitherto-appointed leader if he is not elected?

[Vancsa] There will be a transition, in any case.

[Vitray] What will he do?

[Lakatos] The director is appointed. Obviously a certain time period -- let us say 3 years -- is necessary for the introduction of these forms of direction, and then it will be said that this system is brought into force. During this time period the appointment of directors will cease. He will be able to apply just like anyone else, and if his application is considered good, then the elected body will carry further the issue of his employment, if he merits it. If not, then a new person will be elected. If he has a profession, then he will not be a director, he will work in another sphere.

[Vitray] What percentage of Hungarian enterprises will be affected by the new form of enterprise leadership? I think we have already spoken about this.

[Lakatos] Well, the two together amount to about 50-60 percent. So, according to estimates the conventional ones will remain at about 30-40 percent and other two forms will make up this 60 percent.

[Vitray] Imre Jakabos asks: What is the difference between the annual income of an unskilled worker and the managing director?

[Berecz] The biggest difference is not between the unskilled worker and the managing director. At the BHG there are unskilled workers who earn 10,000 forints monthly and in consequence earn a good two-thirds of what the managing director earns. The biggest difference in the enterprises, in our enterprise and in others too, is between the smallest and largest earnings whose ratio is about one to five, one to six. The difference is between 3,000 and 15,000 forints. Young semiskilled workers who are just beginning earn the least, doing work that is easy, their earnings are what is today considered the minimum, that is 3,000 forints.

[Vitray] Tibor Toth asks you: What is the average wage in your enterprise?

[Berecz] Annually, 60,000 forints.

[Vitray] That is 5,000 monthly.

[Berecz] A little more.

[Vitray] What defense will there be, viewers ask, if an enterprise abuses the growth of its independence? This is a fairly general question -- what is meant by "abuse," after all -- but anyway, what are the guarantees? I think perhaps we should say a few words about what the ministry will hand over and what it will chiefly retain vis-a-vis the enterprises. We spoke about this in the introduction, but it would be a good idea to say a little bit about the legal and other changes.

[Havasi] So, in the case of the ministries, with regard to the right of disposing property, the ministry will retain the right of founding the enterprise and abolishing the enterprise. The ministry will continue to decide the form of direction in which the enterprise will function, of the three kinds designated.

And in personal issues the ministers will retain a right of veto in case the impossible situation arises, let us say, that the person concerned can not be confirmed in his office, in this event the minister retains a right of veto. Now, obviously, apart from this, there is in Hungary an enterprise law which continues to remain valid; or it will remain valid with smaller modifications. Therefore, the enterprise's independence, its rights and obligations, are in the law. The other thing is that the government will still not let out of its hands such important tools as credits, taxes, prices, exchange rates, foreign currency policy, budget, and the issue of wage limits. These will remain in the hands of the administration, and enterprise independence will move within this.

[Kapolyi] I could add to this that at the same time as the independence of enterprises grows, the role of the market grows too; it is in the enterprise's interest to adapt to the framework conditions and increase its competive position. Thus it will not abuse its independence because if it abused it, it might lose by it.

[Vancsa] It could also be added that in the case of the producer cooperatives, over 1,500 of them, we do not yet know of a single National Assembly decision or a single step in which the producer cooperative collective has been placed in confrontation with the agricultural policy or with the interests of the national economy. So, we do not have experiences of that kind. But if we did, we have the means to deal with that.

[Vitray] Is there no danger, asks a viewer from Dunaujvaros, without giving his or her name, that an ordinary worker finds his way onto an enterprise council and becomes a yes-man, because they tell him to keep quiet, since he cannot see the operation of the enterprise as a whole?

[Berecz] Pardon me, but I think the real essence of the question is what was not expressed, and that is: What guarantee is there for him to gain an insight into the enterprise's entire activity; does he have an overview with this? Or does he just sit there, functioning as a member of a voting machine?

[Kapolyi] Well, anyone who lives in an industrial enterprise environment knows very well that workers are generally, always informed. On the one hand there are forums, and they discuss the enterprise plans; they are aware of the technical development objectives; they take part in product developments, they live within the...

[Vitray interrupts] Quite simply, you are of the view that this is not a real danger, that there is no such danger.

[Havasi] Please let me add here that every good thing can be trivialized. If such people who are exemplary from the viewpoint of professional expertise or of human behavior, who are respected, who are not afraid to bravely express opinions to the party secretary, the director, the chief engineer, or anyone because they are not dependent on these people, whose life is tied to the factory perhaps even in a dynastic sense are not delegated to this enterprise council -- well, it is in the interest of these people that the factory should operate well -- and if they do the work, then they are allowed to express an opinion, to criticize, and let me say please, this must be assisted by the political organs as well. These enterprise councils must be so formed that these should not be formal organs but real bread-giving masters, so to speak, to the director, his supervisors, his auditors; well, this, in my opinion, should be made clear right from the beginning...

[Vitray interrupts] As to who is elected.

[Havasi]...A formal, bureaucratic thing can be made out of this, too, which would not be worth anything then.

[Vitray] Is there any idea yet as to how the election will take place?

[Havasi] Yes, there is an idea, but it is being worked out at present.

[Berecz] I would like to add here that there is something in the mind of the questioner that if someone gets on the enterprise council or in the management of an enterprise whose management is elected, then he has to immediately become some kind of partner in a debate, an opposition. I think that this is not a good approach. According to the stance of the Central Committee, these bodies have to be a strategic decision-making body. Even when a director general gets into the chair, by experience...

[Vitray interrupts] Excuse me strategic in the way that it is decideing on great questions and not in the every day small affairs?

[Berecz] Yes. It has a right of vote in this and its one vote is of equal value to the vote of the director; so, it has extremely great responsibility. In my opinion, it has to be the partner of the management, and I would like to say that even a director general, or a director, when he sits in his chair, has to first watch, learn, and experience and speak little, so that when, in possession of much information, he dares to speak, he should have proper respect in what he says and should be accepted by the people. I think that those who get on the enterprise council -- this will not be a one-man decision, but will be a collective decision -- even if they do not vote in the rank of director, it will nevertheless have to be done with the same responsibility and caution and together with the manager. On occasions they may find themselves in opposition, for example, the elected bodies of the enterprise trade union, as it has already been raised earlier as to the division of labor.

[Vitray] A correspondent who has already sent his question, Imre Vertes, a resident of Budapest, quotes your report made at the session of the Central Committee on 17 April 1984. You said in this report: The consumer price rises of recent years have considerably tested the understanding and patience of our society. In this question, as well, a compromise must be found between the level of tolerance of society and economic rationality.

What kind of compromise -- this is already the question -- do the MSZMP and the government have in mind with regard to the consumer price rises that will undoubtedly occur in the future?

[Havasi] Well, according to the dictum of economic rationality, it would be best if as soon as possible we would have a realistically functioning price system, both a producer and a consumer system. The realization of this, however, by following only the dictates of economic rationality, is impossible. We have to always pay attention to the mood of society, society's ability to tolerate, and to what the public mood, public opinion, can bear politically. It does not make sense whatsoever to follow certain rationalities in such a way that on the other side we should undermine, so to speak, with such steps our political capital, the social consensus that exists in Hungary. In other words, I see and feel a compromise in that we have to move toward the creation of a realistically and well operating price system, but only at such a pace and in such a manner that the political situation, the understanding, and the tolerating ability of the people can bear.

[Vitray] Differentiated payments are centrally recommended to enterprises, but at the same time these latter do not use these at all. Mrs Lajos Szabo asks, how can the possible implementation be achieved in this new phase?

[Kapolyi] I would like to return to the starting conditions. It is a vital concern for the industrial enterprises to improve their competitiveness; closely related to this concern is the fact that it is necessary to increase achievements by any means and that it is necessary to increase productivity. All this should lead to a differentiated payment for differentiated achievements, and those who do not allow this differentiation, under the double effect of increasing independence and the increasing role of the market mechanism will be in a disadvantageous situation; life itself will enforce both the achievements and the wages according to the achievements.

[Vitray] An anonymous caller asked the question: How far will the work of the party and the trade unions alter in this further developed system of economic management? We can link that to this question: Will the trade union committee secretaries have a right of veto? A Miskolc viewer asks the same question with regard to the party.

[Havasi] May I answer briefly?

[Vitray] Please, go ahead.

[Havasi] Trade union rights will continue to be valid. Thus, in those decision spheres in which they currently have a right of veto, or right of expressing an opinion, or a right of agreement, these will continue to be upheld. This does not affect their rights. Moreover, in my opinion, their authority will increase inasmuch as the enterprise independence grows and, within the enterprise independence, the financial enterprise independence. Thus, in my view, the trade union's activity can be placed on even better foundations, and they will have wider scope of movement. In party work, in my opinion, several elements will be present simultaneously to which the party organization must attend, because the party organization will have to help and develop the enterprise council's allotted work at the same time; it will have to support and defend at the same time the director's independence, his personal responsibility, and it will have also to see to the tasks connected with the employees, that is, the workers. Thus, here there will be, with one interest, several interests within the enterprise gates, the enterprise fences, and the enterprise party organizations, and by virtue of their calling, they must assist the adequate assertion of every interest. From this point of view, in my opinion, party work will be more complex, more difficult. It will not be able to say that helping the work of the enterprise council is not its task; it will not be able to say that the activity of the single director or responsible leader, or the mood of the collective, the general atmosphere there, are not its concern.

[Vitray] Could it have said that up until now?

[Havasi] No, it could not; where they did it properly and interpreted their tasks correctly, they could not.

[Vitray] Viewers in Marcali ask, will there be economic work communities in agriculture?

[Vancsa] Well, there have actually been economic work communities in agriculture for a long time, only we do not call them that. I think that all the many kinds, many colored forms of enterprise which exist today have provided many experiences for us to form these economic work communities. If we say professional group, that is also a form of small enterprise in which a large plant offers to this group those of its possibilities that it is unable to utilize. However, such is also the case when it performs partial cultivation. That is why I say that for years now we have been resolving the interest of the smaller groups and we harmonize their possibilities, material strength, and capacities with those of the large plant.

In concrete terms I can say that about 180 economic work communities now operate in agricultural plants, and they appear to be fairly successful. We think that also in the future we must maintain this many-colored system so that every one may select the best solution that suits him.

[Vitray] I am interrupting because I have here two more short questions which can perhaps be linked to this: Aren't the enterprise economic work communities to the detriment of the utilization of the 8-hour working day? That is one question. The other is: The cooperatives compete with the auxiliary industrial branches, on the one hand, and they syphon off people, who are the currency of industry. Two of those concerned are sitting side by side in the studio: What does the minister of industry say to this -- that agriculture lures away the good work force?

[Kapolyi] The economic work communities doubtlessly do in some cases work with a higher productivity than the one that has evolved in the main working time. Now our unequivocal endeavor is, as far as possible, to attain in the main working time the same level of performance, the same productivity as that which has evolved in these work communities. The aforementioned wage forms, the differentiated wage system -- I would like to come back to this topic -- these will without a doubt mean just that. Now, this luring away which pertains to agriculture, I think this is a process of equalizing, because there was a period when people left agriculture to go into industry; even then in the last resort it was the national economy that emerged the winner; since then, the level of agricultural technology and the place to which they were transferred in industry, undoubtedly meant a difference which, from the point of view of the national economy was a positive process. In the last resort, agriculture managed to replace the shifting work force with technology. Industry can do the same thing. We must jointly see to it -- and this applies not only to the drifting work force in agriculture, but also to the relations between the technologically more developed large plants and the small plants -- that with a close branch cooperation, according to the possibilities, the unutilized capacities, the high-level capacities, should be utilized. For this reason we...

[Havasi interrupts] The system of requirements.

[Kapolyi] The system of requirements, but also, Comrade Havasi, the fact that where we are unable to use our modern machinery, for example in the Budapest industry, we rent it out using a domestic form of leasing. Thus the machines do not stand idle in the large plants; we pass them to where they are needed, where the work force is also available.

[Kapolyi] Comrade Vitray, it would be very important to stress here, for at times one senses from the questions that there is a contradiction in the thinking that we try to relate to a present day situation, the way in which the future will develop, whereas the point here is that, with regard to the future, the scope of movement will expand. In this expanding scope of movement, a more dynamic industry will have to reestablish itself amid altered international conditions. In industry, this potential exists. Thus, it is certain that the remaining work force, with adqueate technological development, adequate tachnological modernization, will perform the tasks at a higher level of effectiveness. Thus the dominant features will not be that we will fail to supply the population with consumer goods, or that we will not satisfy our international commitments, but that we will utilize this possibility with thoroughly positive steps, advancing at a faster rate.

[Vancsa] Here, I think that we owe a bit of information to the general public, since this question has been raised. Large agricultural farms receive a third of their income out of auxiliary activities. However, 80 percent of these auxiliary activities are enterprising activities closely connected with agricultural production, while it is only 20 percent which -- let me say in this way -- is "profile alien." This 20 percent means that the largest proportion here is in the construction industry -- agricultural concerns produce 15 percent of the entire construction industry -- while the ratio of agricultural concerns in other industrial branches range from 0.5 percent to 5 percent.

For example, their share in the production of metallurgy products is 2 percent. Well, if somebody thinks that the 2 percent destroys the remaining 98 percent, then he has to redefine this whole new subject, because there will be some misunderstanding. Two percent cannot destroy 98 percent. As for labor fluctuation, it is already entirely dual directional today. In other words, approximately the same number of workers leave agriculture for industry as the reverse. This is shown in all our statistics.

As for wages, there is no difference. I have to say here frankly the difference exists in that these [agricultural concerns] in their auxiliary workshops, pay the more qualifie people who work there in a differentiated manner and pay them better. In other words, I think that we have to advance here in such a way that we should take notice of the useful experiences of what these auxiliary enterprises produce for the market with small capital -- most of them do not even have a warehouse -- in other words, they really make use of every opportunity that makes the production of goods possible, or there is a need for producing on a home industry basis within the large agricultural concern. Therefore, joining in with what Comrade Kapolyi had said, in the future, as well, cooperation must be strengthened rather than ....

[Vitray] Two more short questions. One of these is undoubtedly addressed to Comrade Havasi. In 1968, the reform was immediately introduced. Why is the introduction now gradual? Is it out of caution, asks Gabor Horvath 325-189. We forgot to mention that current measures take 5 years, from 1985-1990, to take effect.

[Havasi] Not out of caution. An idea has been by and large shaped as to what steps and measures must be taken. Its gradual introduction is explained by the realities. In other words, it is impossible to realize certain measures without creating certain preconditions for them. Well, let us give an example. Here is income, income regulation and wage management. We cannot make wage management free in every enterprise at the same time, for example, for experiments already demonstrate at present that there is a Ganz Mavag example. In other words, it is impossible to extend, for example, this income -- wage management at once to 4,000 enterprises, and without any experience. There is a need for a certain graduality. There is a need for graduality in order to develop a price system. We spoke just now about the need to find certain compromises between politics and economic rationality. For this, time is also needed. Graduality is also needed for creating certain supply positions in the domestic markets, in other words, that we should moderate the shortages. The market must be built as well in order that conditions should exist under which the appropriate rules of the game of economics can be realized. In other words, it is not caution, but the realities that demand that we should realize this idea through several years and in several phases.

[Vitray] Well, if it were true and indeed in 1968 all these were introduced at once, did these have harmful consequences later?

[Havasi] In my opinion it was not introduced in one attempt in 1968, either. The principles were announced, and it was said that 10 years would be needed for a system in which price would reflect value. Then it became clear that even 16 years were not enough, that there is a need for I do not know how many years for rational wage regulation. It has become clear that many more years are necessary, or that there is a need for a change in the institutional structure, but we did not touch this. In other words, in my opinion, its recognition or announcement took place in 1968, but its implementation, its introduction, was seen to take place over a long-term period even then.

[Vitray] There is a question still for Erno Lakatos, for I see that you wanted to say something. The question is: How shall we know the details that will determine work and income? Please answer this and add whatever you wish.

[Lakatos] I wanted to say toward the end of the program that numerous letters have arrived at the Central Committee as well, and I singled out one, a letter by Laszlo Detre Toth, a resident of Budapest, because Comrade Havasi said something very improtant just now -- that the best thing too can be spoiled. What we are doing here now is the work of the entire people, we are doing it jointly, just as we are building socialism itself together and when one receives such a letter, one starts thinking. Laszlo Detre Toth asks me that a resolution should be made -- in connection with our work here in its entirety now, the further development of the entire system of management -- a resolution should be brought about that the right of publication of letters, articles, or comments addressed by workers to the editors of industrial papers should not be limited by the management of the factory or the enterprise. Detre Toth, after this, asks whether it is possible to imagine a situation in a certain phase of the realization of socialist democracy when, without any interference by the management at the workplace, letters, or writings by workers would be published. I consider very necessary to mention this part of the letter because in everyday practice several kinds of problems will be raised by the way this new thing breaks through. Every new thing has to break a new path for itself, but if this breaking of new ground is to succeed, socialist democracy cannot be curtailed in this way either; it must be ensured that the workers' opinions, in this way too, find free access to the public. How does the public get to know these feelings -- if I understand the question correctly? Government measures are made one after another; here tonight, as well, there were questions to which replies could really be given only in general terms, as concrete details have not yet been worked out by the government, because this type of work is currently being carried out. Well, the activity of our mass communications organs can join in this work only if the concrete details exist on the basis of which for example, the work of the enterprise council can be explained, among other things. These tasks will be carried out now and in the fall, say about September. A broad explanation of this will begin for everybody, so everybody will understand, because today a good part of the principles still affect only those who have something to do with them.

[Vitray] In NEPSZABADSAG, the people who are being questioned here tonight will gradually provide answers for those letters that were not read out here. Let me finally ask a question from you, Comrade Havasi, before we go. Jozsef Kis, telephone number 123-275, spoke out from his heart, because he takes you at your word, and all of you, too, if you like, When do you consider worthwhile the calling together of another forum, a similar event like tonight so the results of this new system of economic management, in its further developed form, could be evaluated?

[Havasi] Well, I can only say that if the first results can be summed up after a certain period has passed and the television leadership invites us, we will come here with great pleasure and will give an account.

[Vitray] Well, this was a very diplomatic answer, because, although I am not part of the management of (word indistinct), surely I can issue an invitation right away, of course, However, roughly, how much time do you think is needed.

I think this is what the question is aiming at. How long until one can stand there saying: See, these are the concrete results?

[Havasi] Perhaps 2, 2 and 1/2. or 3 years then. It could be 1985-1986. In my opinion, the experiences can be summed up by the end of 1986.

[Vitray] In the hope that everybody will come back in good health, with pleasure and without any kind of restrictions, and can report good results, let me thank you for taking part, and let me hope that I am able to be here when we again speak about this. Thank you for the patience of the dear listeners as well.

HAVASI MACROMANAGEMENT SPEECH AT 17 APRIL PLENUM

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["Ferenc Havasi: The Further Development of Economic Macromanagement; Presentation Speech at the 17 April Session of the Central Committee"]

[Text] The 12th MSZMP Congress and the Central Committee session of April last year made decisions concerning the further development of the economic macromanagement system. We mapped out the directions and principles of our work by taking into consideration the decisions of the 12th congress and by basing ourselves on the results of scientific research and accumulated practical experiences.

Our party -- as the leading force of society -- has always been in the forefront of the struggle for progress. This is also true today when it is necessary to safeguard our achievements and create conditions for the construction of the developed socialist society under new and complex circumstances.

Today, while analyzing the results of our construction work and the requirements of progress, we are facing the task of further developing the important means for achieving our economic policy goals, the economic macromanagement system, to the benefit of a more efficient exploitation of our power resources and the release of new creative energies.

There is a tradition of development in the economic macromanagement system in Hungary. There were attempts for improvement as far back as 1954-55; in reality, however, the modernization work started after the defeat of the counterrevolution with the laying of the economic policy on new foundations, when we worked out an economic policy that took into consideration our endowments, our traditions, and our people's capacity to shoulder burdens.

In spite of our efforts for change, our economic development was not followed adequately by improvement in the qualitative factors of production and in product competitiveness; adjustment to the requirements was inadequate in many cases; lack of goods became permanent in many areas of the production and consumption sphere; along with generally high stock levels there were disorders in supply and cooperation; there was overdistribution in investments; and management and reaction to problems was slow. The fact that sources of extensive development became gradually exhausted only made things worse.

On the basis of such antecedents and experiences, the Central Committee in 1966 set for itself the target of comprehensive reform of the economic mechanism. We earmarked the introduction of a management system which was suitable to the objective regularities of the socialist economy and took into account the particularities of our people's economy, the size of the country, its endowments, the outstanding importance of international economic relations, the important role of agriculture, the given development level of the economy, and the need for a start in switching over to the intensive phase in economic development.

The reform of economic macromanagement was an important measure: We switched to a new planned economic management basically operated by economic methods. The enterprises' independence and freedom of movement has considerably increased; they have come closer to the market, and their readiness for decisions and ventures has gradually improved. This has improved the discovery of resources within economic activity, improved efficiency, and developed economic thinking and approach.

Practice has proved that means of indirect regulation can be applied successfully in the socialist planned economy, that central planning can be organically linked to objectively existing goods and money conditions, and that all this does not lead to spontaneity and anarchy in economic life and to turning away from socialist ideals in one's way of thinking.

It has been proved that a market regulated by price, rate of exchange, taxes, credits, and other means creates such conditions for those pursuing economic activity and confronts their decisions with such requirements that can successfully promote the realization of the people's economic goals. At the same time, the signals of the regulated market play an important role in the working out and control of plans.

The reform has not only favorable economic but also sociopolitical influences. It has contributed to the increase in the councils' legal independence and the development of their functions in people's representation and area development. It has aided trade union activity and the cooperative policy, developed the social democracy, and improved the population's political disposition.

In the past 16 years we have gained reliable experience in the operation of the economic macromanagement system. Today it can already be seen clearly that the conception formulated in the Central Committee decision of 1966 was correct and realistic on the whole. This is true even if it had certain provisions that did not come true in practice or that cannot be applied. It is enough if I refer in this connection to the need for the further development of producer and consumer pricing system and pricing mechanism or the wage and cross regulation , a need already recognized at that time.

In the period when we were working out and introducing the reform of the economic macromanagement system we had in mind the fact that the favorable world market situation was going to continue or improve. Under such conditions, it seemed realistic to strive for the continuous linking of the foreign and domestic markets and the creation of conditions for continuously adjusting to the changes. The economic management started from the premise that, within a relatively short time, there would emerge domestic market conditions that would create a slight surplus of supply, and prices and profits would be able to reflect the efficiency of enterprise activity. Our expectations however, have proved to be far-fetched.

When the reform was introduced there were also inadequately elucidated provisions in connection, for instance, with the role of import competition, the differentiating influence of economic necessity, the forms of regrouping resources, provisions that were not elucidated in the course of practical operation, either. In addition, following the introduction of the reform the central management and the enterprise organizational system remained essentially unchanged until the last few years. For a long time we did not develop the division of labor between the ministries and the enterprises and thus the desired system of relations did not emerge. Enterprise independence developed with contradictions and more slowly than necessary.

The fact that the world economic conditions surrounding our development have changed radically since 1973, and have become much more difficult than expected, has considerably influenced the functioning of the economic mechanism. The economic policy however, did not react to the changes in good time. Although at that time there were greater possibilities for action than there were at the end of the decade: Our foreign trade exchange was balanced; our convertible currency debts were not yet high, either.

We only partially recognized the tasks brought about by the new world economic situation in 1974-75, and thus, we did not seize the still more favorable possibilities existing at that time. Our economic policy reflected the assumption that, although the deterioration in the exchange balance would be lasting, the rate of price losses would decrease.

Partially from this, and also starting from the assumption that we could improve efficiency at a quick rate and we could reorganize the production structure within a short time, an economic policy decision was made according to which adjusting to the new circumstances must be done by means of a rapid increase in production in the future, too, and the standard of living must be increased by a considerable extent.

These conceptions did not materialize in actual life. Owing to the huge losses in prices as a result of the deterioration of the exchange balance, domestic consumption consistently and considerably exceeded the gross national product, consumption which we financed from foreign credits.

Important realizations and tasks were formulated by the Central Committee decision of October 1977 on the foreign economy and production structure. It revealed the weaknesses of international competitiveness and set out the most important tasks, but the system of means for their implementation was not efficient enough. On the one hand, it tried to achieve market results by central directives, and on the other hand it tried to improve the product structure in a direct way, based on rigid technical-economic criteria.

The enterprises and the district organs strove for an unjustified measure of stability, which was also supported by the central economic leadership. The decisions were often made at a higher level than necessary, which also delayed reaction to the change. The organizational system of the economy became rigid.

In the situation that developed, it became increasingly urgent to change the economic-political practice and elaborate a development of the macromanagement system:

-- Since 1979, we have ensured a gradual improvement of the condition of equilibrium. We have essentially ended the excessive distribution that developed in 1974-78. At the moment, the increase of the gross national product already exceeds domestic utilization, but the surplus is not enough for the debt servicing burdens, for gradually reducing our total debts, and for offsetting further deteriorating conditions. While at the same time preserving our standard of living and improving living conditions;

-- The economic organizational activity of state organs has shown more initiative. However, for the sake of the fulfillment of fundamental economic-political objectives, it was necessary to apply -- particularly in 1981-82, because of rapidly deteriorating external conditions -- compulsory measures that were, to put it mildly, against the rules of the game from the viewpoint of the enterprises.

The further development of the economic macromanagement system has always been accompanied by extensive debates, which, because of the nature of the matter, is only natural.

We can counter widely disparate views also in the present phase of the further development of economic macromanagement. There have been people who, exaggerating the role of the market and thinking in terms of concepts, have tried to outline models of macromanagement -- to coin a fashionable term, this is reform radicalism. Others -- those who are excessively cautious -- regard even what we have done thus far in the development of the economic mechanism as too much. In their opinion, since we have a valid resolution for almost everything, they must be implemented, so that the best thing would be if we do not do anything. Justified questions also have emerged: Do the proposals offer a socialist solution for our problems and do they effectively serve our socialist objectives?

In the final analysis, practice will be able to provide the complete answer to these questions, but one thing is certain: today, the most damage would be caused by delaying a solution. It is not accidental that virtually all socialist countries on a level of development identical with ours are dealing with the perfection of their economic macromanagement system by using an approach that they regard as the most rational.

The unfavorable external and domestic conditions for economic activity make it a pressing issue and the debaters at home also agree on the fact that the main objectives of our economy-building work must be pursued: a further improvement of our conditions of equilibrium, preservation of our current achievements, and the creation of economic prerequisites for more dynamic progress. However, this is possible only if our economy can shift to a path of intensive economic development, if it can adapt better to changing circumstances, and if its performance and competitiveness improve.

A more dynamic growth of the people's economy and an improvement of the standard of living would require more resources than the present ones. The question arises: From where can the Hungarian economy expect favorable effects to make an enhancement of our resources possible? One could be a world economic upturn, which would also make it easier for us to increase exports through the present structure as well. There is little hope of this. International forecasts do not bear out the probability of a vigorous boom.

It would be encouraging also if ample credits at a low interest rate were to be offered in the money markets. However, this cannot be counted on in the foreseeable future, because the main problem of the financial world today is how to ensure the repayment of an outstanding sum of over $800 billion.

It would favorably effect our position if we could expand our economic relations with the socialist countries more rapidly. We are endeavoring to do so. It must be borne in mind, however, that most socialist countries are wrestling with similar problems and difficulties. They, too, have reduced their growth rate and placed requirements of efficiency and quality in the forefront.

Therefore, there remains only one realistic possibility for us to lay the foundations for our more rapid development: To truly get the better of our existing problems, it is necessary to intensify our economy's efficiency and value-producing ability. We will be able to achieve our fundamental economic objectives if we manage considerably to accelerate the improvement of production efficiency and work productivity, the transformation of the economic structure, and technical-technological development, and manage considerably to improve the quality of products. Only thus can the acceleration of a growth of an intensive nature be ensured in our economy. We have the possibilities for doing so, but we must also remove every performance-retarding obstacle from the path of the improvement of the productive capacity of the economy. This would have to be done even if we were not in such a hard-pressed situation.

In this way, we could succeed in offsetting the burdens caused by the deterioration of international economic relations, retain our solvency, consolidate the position we occupy in the world economy, and improve our changes in the further development of mutually beneficial cooperation with the socialist countries, with the Soviet Union.

A further development of economic macromanagement is an indispensable prerequisite for all this. Its further development is called for also by the fact that it is very difficult to maintain even the present productive capacity with the current means of the economic mechanism. The gap between us and the world vanguard would increase; it would outstrip us not only in technological development, but, sooner or later, with regard to the standard of living as well. People realize this and, if they do not discern a favorable change and do not see prospects, that may diminish our jealously guarded domestic political stability as well.

Proceeding from our economic-political objectives, the experiences of the functioning of the economic mechanism, and the expected development of the external environment, the conclusion presents itself that we must continue the further development of the economic macromanagement system. The proposal concerning further development has three crucial issues:

-- one is the strengthening of central macromanagement and government activity and the improvement of their effectiveness.

-- another is the intensification of enterprise independence and the creation of an enterprise attitude of a more entrepreneurial nature;

-- the third is the elaboration of an institutional, organizational, and instrumentation system that facilitates an improvement of the effectiveness of both government activity and enterprise management.

The fact that we are familiar with the good and bad elements of our system of macromanagement, that we know what has come up to expectations, what we have not been able to accomplish, and what we must change provides a good foundation for the modernization of the economic macromanagement system.

In its entirety, the further development of the macromanagement system constitutes a complex and gradual series of measures. It is a complex one in the sense that the changes extend to economic macromanagement as a whole: to planning, the economic regulation system, the institutional system, and the enhancement of the role of the human factor, creative will. By gradualness we mean that we are not putting away every measure into effect simultaneously, but over a medium-term plan period. At the same time, this gradualness does not split up the homogeneous system of the concept.

Let us review, therefore, the crucial issues.

In the future, planning for the people's economy must forecast and make allowances for possible foreign economic changes more reliably, in order to enable us to minimize our errors and the losses stemming from them. It must realistically take into account the openness of our people's economy and the consequences necessarily arising from it. It must better reveal the different characteristics of the socialist market, the market of the developing countries, and the capitalist market, and their expected effects on our economy.

Planning must better fulfill the requirements of the intensive phase of development. For this, it must do away with the still existing quantitative outlook and habit left over from the era of extensive development and place efficiency, quality, and economic processes in the center of work. To this end, the methodology and index and comparative system of planning must be updated and must be made suitable for denoting the qualitative signs of development. In this connection, what is also needed is for planning to deal more comprehensively and effectively with processes that are most conducive to the economy's profit-producing ability, a selective development policy, the phasing out of uneconomic activities, the qualitative aspects of investment activity, and the solution and treatment of the equilibrium problem.

It is beyond dispute that the acceleration of the technological development of the economy is a very important prerequisite for more vigorous economic growth. It is true that technological development is fundamentally a matter of available resources, but it depends considerably on planning for the people's economy as well, for whether the plan for the people's economy correctly designates the directions technological development and the technical orientation of the economy should take, greatly affects actually implemented development projects and their effectiveness. International comparisons and our experiences alike unequivocally show that our planning activity has considerable reserves in this area. The scarcity of the resources that can be devoted to investments underscores even more the need for advancement.

In the future, planning must increasingly pivot on social processes. This requires that social processes closely linked with the economy -- social policy, schooling, the training of experts, and public education -- be more intensively incorporated in a better organized manner into planning and that social justice be made to prevail

better in distribution on the one hand, while it requires a better-founded consideration and deliberate formation of interrelations between social and economic processes and the development and strengthening of their progressive elements, on the other.

With the spreading of the social character of planning and the increase of decentralization and enterprise independence, the role of the plan in promoting relations and cooperation among enterprises grows. Greater scope must be extended to economic regulation in the interests of creating prerequisites for relations of collaboration and cooperation between enterprises as well.

These and similar changes make planning for the people's economy more suitable for readily and actively serving economic policy and for lessening its commitment right down to details and the rigidity that objectively arises from its sectorial nature. They enable planning to develop from an activity of taking stock of production and distributing resources into an activity of shaping the production of incomes, the adaptability of the economy, and social processes, and of exposing multifaceted interrelations of interests and their principal coordinator.

Strengthening government economic macromanagement is not at variance with the planned enhancement of enterprise independence. On the basis of the plans for the people's economy, the socialist state will, also in the future, continue to keep a firm hand on and regulate the socialist commodity-producing economy -- for instance, by means of a financial and budget policy, through the bank system, and within the framework of market control.

In this respect, the main thrust of the changes is our strengthening of the homogeneous governmental character of economic macromanagement, because, at present, the central will often weakens on its way through the various channels of the functional and branch economic macromanagement organs. From this viewpoint it is particularly important that continuous government macromanagement operating within the frameworks of plans for the people's economy and applying basically indirect means of economic regulation be able to influence production and turnover processes as effectively as possible in the direction of economic-political objectives. The proposals are designed to further develop central market control in this spirit.

An essential task in the development of the government's directing activity and in making it more efficient is that the branch ministries, instead of the current excessively operative function, become organs promoting the government's economic policy, developing the professional-branch policy, actively participating in planning and regulation, laying the foundations of technical development and international cooperation, and which are at the same time respected official institutions. At the same time, it is also necessary to develop the working methods of the functional ministries. With the change in their internal structure and guiding concepts, they must help in creating enterprise independence and efficient government activity.

Another important issue of the further development is enterprise independence, the extent of it, and the question whether ensuring powers of disposal over a wide range of property for the enterprises does not lead to a weakening of the intention of the central government, to an undesired strengthening of group interest?

In answering this question it is proper to refer to the experiences of the Hungarian cooperative movement. The importance of this sector in the economy is reflected by the fact that almost 90 percent of the agricultural enterprises are cooperatives which, together with the household farms that are closely integrated with them, supply more than two-thirds of agricultural production. The cooperatives supply some 6 percent of the production also in the socialist industry, and carry out approximately 40 percent of the commercial turnover. The cooperatives were not bound by the plan before 1968 either, and they were in possession of much more extensive ownership

rights than the state enterprises. Today we already know that this greater independence contributed to the development of a responsible attitude of an enterprising management nature. The enterprises have never made decisions incompatible with fundamental economic political objectives, and what is even more important: as a result of their work, agriculture has changed fundamentally, and together with this, so has the Hungarian village. The merits of the production cooperatives in raising the cultural and health standards of the village are undeniable, and their economic achievements speak for themselves. Several methods of economic activity developed and first became everyday practice in this sector -- such as for instance the development of production systems, the agricultural-industrial fusions, the joint ventures, the flow of means among each other, the sensible and flexible reaction to the market changes -- methods which we want to apply over a wider area now in the course of further developing the economic macromanagement system. We can be sure that those working in state enterprises -- led by the large-enterprise working people -- will also use their increased independence with responsibility.

The enterprise organizational system has also developed in the last few years. We need only think about the newly created independence of units and enterprises belonging to certain large national enterprises or trusts, the elimination of several medium-level management organs, and the gradual spreading of foreign trade rights (at the moment, more than 200 enterprises possess export and import rights.) The fact that there have always been control committees and management councils with decision making rights, and that the trade union steward bodies have played a determining role in the wage and sociopolitical issues of the enterprise shows the development of the institutional system of enterprise management.

Further development of enterprise management forms and the system of economic regulators serves the development and strengthening of a responsible enterprise economic activity attitude. The planned measures basically refer to state property, including industry's forms of activity. The suggested new forms of enterprise management, with a more forceful inclusion of the collectives in enterprise management and with the creation of their interest in the collective assets in the long run, can lay the foundation for the development of the workers' corporate ownership awareness, strengthening their role as owners. Public property continues to be indivisible, the public character of the state property increases.

We know that socialist industry, and within it our large enterprises, must become more and more the main driving force of our development. We must work out conditions in which the large enterprises can solve their tasks better than today and become the real tractive power of economic development. We must be able to show that the socialist large enterprise is indeed in the vanguard of technical and technological development, in discipline and work organization; it can find itself above average in profits, wages and social policy; it attracts the best manpower and neither the enterprise work business partnership nor any other, more simple organization is its rival. This, however, should be done not only by creating the adequate economic atmosphere, but also by further developing the internal operational mechanism of the large enterprises, and more than that, this has an ever greater importance from the point of view of development of human capabilities and good general feeling of the workers. This system of conditions can be developed, and with this approach, the further development of economic macromanagement is industry- and large-enterprise-centered.

In state enterprises, the state ownership rights were mainly exercised by state administrative organs until now. Experience shows that with the passing of years, the advantages of this practice decreased, while the disadvantages increased. In addition to the current exercising of state ownership rights, there is only a limited possibility for the socialist enterprises to operate as real ventures. The aim of the change is, in addition to maintaining the state ownership nature, to make the forms of the ownership, the ways of disposal over property, and the exercise of employer rights more efficient.

Practice shows that at the branch ministries there are currently two spheres of rights -- ownership and enterprise control -- and there is increasing difficulty in these being compatible with each other in our macromanagement system. It is our opinion that in the ministries that can administer enterprise control well, the ownership and property interests cannot develop at a required rate. The proposal of the position according to which the exercise of certain rights of disposal and employer rights which are above those of the enterprise leaders and which are connected with ownership -- apart from the mentioned exceptions -- should be passed over to the enterprises, and accordingly we should work out the legal control over them.

The position suggests the application of three forms of enterprise management. In the case of enterprises under state administered management, the ways of exercising ownership do not change from the current ones. These are mainly the public service, communal, and other enterprises the government has listed here for other considerations. We wish to develop the internal guiding and management form of the trusts, but their relations with the economic macromanagement organs will not change, according to the concept. In this management form, the enterprises can create management councils and control committees that also include the main consumers of their products and services. The leading posts are generally for a determined period here too, and they can also be filled by competition.

The position includes two new forms of enterprise management. One is the enterprise council suggested for managing the medium-size and large enterprises, the other is the enterprise operated by an elected leadership management suggested above all for the smaller sized state enterprises. I would like to stress that the corporate bodies in these two new forms of enterprise management do not limit the director's one-man responsibility. The proposal is based on the need for corporate decisions on general enterprise strategic issues to be made with the inclusion of the enterprise collective, but there should be possibilities for a more determined and operative decision-making than today in the day-to-day enterprise management. This system undoubtedly creates a more differentiated and more complex enterprise management structure than today. I think, however, that after adequate preparation, the new enterprise management forms will operate successfully.

In the course of preparations, two concepts have developed about the composition of enterprise councils. One of the concepts -- the one appearing in the stand -- is that deputies of the working people should participate in them and that directors should be authorized to delegate their most important coworkers to the enterprise councils according to definite rules. In this way, too, leaders of social organs would participate by invitation in the enterprise councils to ensure their independence and autonomy.

The second concept was that one-third of the enterprise councils would consist of representatives of the working people, one-third directors and experts assisting them, and the remaining third by central state organs -- ministries and banks, for instance. Numerous counterarguments can be made on this. In our view it is unnecessary for state administrative organs to participate directly in the exercise of rights of disposition transferred to the entrprises. We cannot limit enterprise independence which is intended to be expanded by sending to the enterprises outside experts who do not have suitable knowledge about the process of enterprise management. Apart from that, this proposal was unable sufficiently to clarify what interests would be represented by the outside experts, so that there would be a fair amount of uncertainty regarding their expected attitude as well.

The most important argument in favor of the participation of outside experts was the fact that, through them, it is possible to ensure the assertion of central, governmental viewpoints and supervise enterprise management. We can however, suitably ensure that the central will prevails by means of the instruments of the plan and

regulation, and control can be performed through supervision over legality and supervision by the vocational authorities as well. It does not seem necessary therefore, to include independent experts in the enterprise councils. This is supported by practical experience as well. If we dared to entrust the right of disposition over property and the rights of an employer over to leaders of the agricultural producer cooperatives and industrial cooperatives without causing any problems, then we can rightly trust state enterprise leaders and workers also to fulfill their tasks connected with the management of enterprises responsibly, taking good advantage of their increased independence.

The second newly proposed form of enterprise management -- enterprise operating with a so-called elected management -- makes the most of numerous positive cooperative experiences. It is important to clearly realize that, in this case, there is no question of turning state property into group property and a model of self-management severed from state macromanagement developed on this basis. Nor can state assets entrusted to enterprises be divided among the collectives' members at these organizations if an enterprise is ended, for assets remaining after the settlement of debts and claims are at the state's disposal.

In our view, with these new enterprise management solutions, it is possible also to develop an incentive for safeguarding public assets and for augmenting them in the long run. It is possible to strengthen the working people's awareness of being owners and their behavior as owners and it is possible to fill the already forgotten slogan of "The factory is yours, you are building it for yourself" with a new content. In the long term, this could also make the working people interested, in addition to earnings, in enhancing the assets of enterprises and the shaping of their future as well.

Solutions similar to the new forms of enterprise management are already being employed in several socialist countries. For instance, a law on the participation of the working collectives in the management of enterprises was created in the Soviet Union in 1983. Under the law, workers collectives and councils can be created at all enterprise organizational units and meetings of workers' collectives must be held at larger enterprises. The working people are participating in the management of state enterprises with similar rights and in similar corporative forms in Romania and Poland, and, in Bulgaria, this solution is aptly described as the state being the owner and the factory collective the bailiff.

Some enterprise managers do not yet sympathize with the new forms of enterprise management, which is somewhat understandable, because employer's rights are assumed by the collectives and their representations respectively, so that hierarchic dependence is replaced by a democratic dependence and the enterprise collectives' supervisory activity also will be more direct. In our view, their reservations are motivated by the fact that they are distrustful as to whether greater independence would be complemented by the necessary material, personnel, decisionmaking, and dispositional competences. On the other hand, they also raise the point that even today there are too many vocational, social-political, and enterprise forums, which take up a large portion of their time and energy. However, the enterprise council will not be one of many, but one of the most important forums of enterprise management.

The question must be posed: Will the employment of the new forms of enterprise management affect ownership conditions? Even from what has been said, the answer is clear: They will not. By this step, we will not parcel out property, but transfer part of the rights of disposition over property and employer's rights into the competence of these organs. Certain experiences are available also in this respect, because we are not beginning this for the first time. There was a period when the state transferred part of the rights of disposition over property -- in a different way in the cases of various economic organs -- to the industrial directorates, trusts,

county councils, the national center of state farms, the national inspectorate of forestries, or mass and social organizations like the national trade union council, for instance. Our experiences prove that the apportioning of the rights of disposition over property does not involve irresponsible decisions and we are convinced that it will bring only advantages -- if we do it well -- if we draw the workers of large enterprises on an extensive scale into the exercising of these rights, because this will strengthen the working people's awareness of being bailiffs and their sense of responsibility in economic activities.

It is a fundamental requirement related to the further development of the economic mechanism that the ratio between social property and private property should not change. The process of socialist construction bears out the fact that the two fundamental forms of socialist property, state and cooperative property, get on well alongside each other and their progressive mutually useful experiences strengthen both forms of property and enhance the effectiveness of their economic activity. Fostering the development of both of them and encouraging their cooperation and system of relations can lead in the long run, historically, to the development of all-people's communist property.

New forms of state property and cooperative property have already developed in agro-industrial associations, joint ventures of cooperative commerce and industry, and joint organizations of industry and foreign trade in our country and a new form of social property has come into being with the business partnerships as well. To increase the profit-making capacity of the people's economy, we intend to continue to strengthen the role of business partnerships.

On the basis of practical experiences, I would also refer to the fact that the overwhelming majority of the organizations brought about through the development of small-scale ancillary economic activity -- thus, the small enterprises, small cooperatives, enterprise business work partnerships, various special cooperative groups, and units of producer and trade enterprises operating in a contractual or lease form -- are also operating on the basis of social property.

Regarding the further development of the economic regulation system the main goal is that the interest of enterprises and individuals in the attainment of better performances should grow stronger in harmony with the enhancement of enterprise independence. For this, it is necessary to eliminate those effects of the current regulation that distort true values and limit performance. In this, in its proper place, we intend to employ regulated market mechanisms and competition among economic organizations as well.

Our principles concerning the pricing system and pricing mechanism are not new. The most important change in the pricing system took place in 1980. That was when, in the producer pricing system, in place of the price calculation based on the cost of production, the producer price calculation was adjusted to the export or import prices of industrial products that make up international trade. Simultaneously, the area of state determined prices decreased.

We have not yet succeeded in consistently ensuring a harmonious proportion between producer and consumer prices and in making the level of the overall consumer prices exceed 6-8 percent the producer prices, although consumer prices increased an average yearly 4.4 percent in the last 15 years.

We continue to strive to make sure that prices are based on the socially necessary input. We must work out a pricing policy practice that prevents careless work, irresponsible economic activity, and losses from being included in prices. In certain areas of the activity, therefore, it is necessary to have domestic producer prices that are in line with the international value judgement. In other areas such international comparison is impossible. In these areas, it is necessary to set prices based

on production cost that reflects the socially necessary input, ensuring at the same time that the other elements of the regulation system will enforce a rational management of expenses.

In agriculture, like everywhere in the world, it is necessary to operate a pricing system suitable to the particularities, which encourages and endeavors to maintain and even increase production enthusiasm. Should this not be the case, it is possible that we would have a perfectly operating pricing system but lack adequate production enthusiasm.

Apart from the deliberate exceptions, gradually and considering certain steps also separately, we want to eliminate unjustifiable support from the entire pricing system, including consumer prices. At the same time we will not abandon strict central control of prices and cannot allow spontaneous price increases. In order to achieve this, it is also necessary to exploit those means of price regulation as contribute to the development of a price range reflecting the real state of values.

Cross regulation is a determining element of the regulation system. The aim of the changes is to demolish those obstacles that force enterprises and workers to hold back achievements. We must go in the direction in which possibilities for wage development are worked out in relation to the achievements and the incentive role of the cross regulation increases. In order to achieve this, it is initially necessary to eliminate the regulation of the average wage increase in areas where economic competition and the adequate price and expense sensibility can put a stop to the income outflow which is not in line with achievements. It must be ensured that here the wage development depends directly on achievements, the development of profit, and the decision of the enterprise management concerning the utilization of taxed profits. In other places it is necessary as a matter of course to maintain the more direct methods and purchasing-power-limiting function of the cross regulation.

The steps planned in cross regulation have been prepared and established by those experiments we have been continuing since 1 January 1983.

At this time two forms of income regulation that were more flexible than the average were introduced at 29 industrial and building industry enterprises and cooperatives, with the aim of the possibility of increased material incentive compelling them to considerably improve their achievements. This affected 100,000 employees.

The circle of participants in the experiment has further increased this year. A further 25, mainly industrial and building industry enterprises, are participating in the aforementioned two page management forms, thus, counting those of last year, making a total of 54 enterprises with 225,000 people.

Beginning with this year the development and application of a new, more flexible form of cross regulation has been carried out, with the participation of 72 enterprises comprising 128,000 workers. Thus the experiments already affect more than 350,000 employees.

The essence of the experimental forms of income regulation is that they encourage the enterprises to manage resources more rationally and reduce expenses, and the enterprises can use a greater proportion of the expenses saved for wage development than has been the case up till now. Last year's experiences and results -- apart from a few exceptions -- prove the correctness of the experiments.

There have been a great many changes within the framework of the enterprise income regulation in the last few years, mainly concerning balance requirements. Among the more important were: the cancellation of contributions due on linked fixed and circulating assets and the increase in the possibilities for the enterprises to make

decisions concerning the utilization of profits that remain within the enterprise, first in determining the utilization intended for development and allotment, and later regarding the development of the reserves bases.

Since active labor expenses, wages and allowances in the enterprise management are underestimated in relation to the embodied [holtmunka] labor even after the elimination of the capital use charge, it has repeatedly become necessary to increase the rates and taxes on wages. In this way it was possible to ensure that social security budget expenses could be covered by withdrawals proportionate to active labor.

The basic condition for the development of incentives and interest in economic activity is the increase in the enterprises' room for maneuvering as regards the utilization of the income they create. In order to achieve this it is necessary to eliminate the strong financial differentiation of certain parts of the income depending on the aims of utilization, and the much criticized "existence of two or more different kinds of forints". Within the framework of income regulation, it must be achieved that the proportion of profits based on actual achievements is not rearranged by the income regulation, and that those pursuing economic activity receive a larger share of the results of their surplus achievements than is the case today.

The more rational management of resources involves a further increase of enterprise expenses and burdens connected with live labor. And the burdens and expenses connected with the means must be worked out in such a way that ensures, besides the independent management of the enterprise, adequate harmony between the purchasing-power-serving development goals and the stock of goods available according to the plan. It is desirable that the assertion of these requirements is accompanied by a decrease in profit and thus a decrease in profit tax rather than by an increase in prices.

In those areas of production where the economic competition under regulated market conditions cannot be developed, and in the major part of the sphere of large-scale production, it is necessary to apply income regulations suitable to the particularities. In agriculture, and the auxiliary and supplementary economic activity, in household farming, it is advisable to continue to operate an income regulation that differs from the general and takes the particularities into account.

The proposals for speeding up the capital flow do not mean the introduction of completely new methods, either. We have already gradually created the legal background for these methods. As a first step, it became possible for enterprises to make gratis transfers of their means among each other by book-credit, and later we gradually strengthened the value processes also in the flow of means. In the course of this, the comprehensive legal regulation of the economic associations in 1978 contributed first of all to the movement of the enterprise development fund, which also led to organizational connections. Within the framework of the associations, the enterprises have the possibility of establishing joint enterprises, limited partnerships, associations, and research-development-production associations. And in the framework of unincorporated associations, it is possible to create economic, foreign trade, and research and development associations.

In 1981, possibilities further increased with the right to establish subsidiaries. The gratis transfer of fixed assets by book credit was eliminated, the limitations of the utilization of capital were eased, and the renting of installations and machines became more permissible. All this was designed to promote the better utilization of enterprise resources.

Not only has the circulation of the means of production become more free, but so has that of financial assets. Since 1979, it has been possible to dispense money temporarily from the development fund to another enterprise, that is, for enterprises to grant credits to each other from development resources. I can mention the positive examples for a regrouping of means being carried out at the production systems, in agroindustrial associations, or within the framework of the Skala-Coop organization.

As of 1982, the Council of Ministers permitted and regulated the issuing of and subscribing to bonds. Experiences of the issue of bonds thus far and the great interest in them bear witness to the correctness of these measures, as well as the fact that the mode of bonds stimulates an intensification of enterprise savings and a development of the practice of investing money prudently, instead of spending it at all costs, and the fact that it provides an opportunity for using the population's savings for certain well-chosen communal objectives.

The loosening of enterprise profile constraints was also indispensable for making the circulation of means more free. For instance, the authorities cannot refuse to approve a partnership contract unless it is in violation of a legal decree or is harmful to the interests of the people's economy. Since 1981, enterprises have been entitled also to pursue an ancillary activity that is not among the activities laid down in their founding resolution but which enables them to function profitably. At the same time, the sphere of activity of subsidiary enterprises can be designated independently from that of the founding enterprise.

In the cooperative sector, too, the modification of the cooperative law in 1982 had a useful effect with regard to flexible enterprise management. According to this modification a cooperative may pursue any economic activity that is not prohibited by law, legal decree, or decree of the Council of Ministers, or is not reserved thereby for state economic organs.

Thus, we do have the legal provisions that ensure suitable scope for enterprises and yet we have failed to achieve rapid progress. Even today, the present mechanism and forms of the flow of assets are characterized primarily by the fact that the budget withdraws and redistributes a part of the income of successfully operating enterprises. In view of the fact that a large portion of this serves to maintain uneconomical enterprises operating at a loss, it worsens the efficiency of the people's economy and impedes a desirable transformation of the economic structure and an improvement of the adaptability of the economy. It is true that the aforementioned government measures have created a possibility for using assets more profitably and making them circulate more intensively, but the results achieved in this respect are as yet insignificant. This is shown, among other things, by the fact that the more moderate investment possibilities of recent years comprised the transference and receipt of development funds that amounted to no more than 6-7 billion forints annually and the profit-oriented rearrangement, for productive purposes, of resources was very slight even within this. These facts call even greater attention to the need for a further development, because -- as we have seen -- the legal prerequisites for a regrouping of means are already given.

Our cardinal task in this sphere is to fill these legal possibilities more and more with an economic content -- primarily by creating a mutual interest. Lacking surplus resources, what must be fundamentally achieved is to transfer the existing resources from less effective areas to areas with prospects. The means for this and the development of additional new forms of circulation must be fostered.

It was a new feature of the development of the banking system in recent years that various so-called development institutes, funds, and associations have come about, which finance, mainly through credits, single, primarily rapidly amortizing investments and technical development projects. The resources of these institutes are established when they are founded, but they may not engage in the usual bank activities, such as, for instance, the collection of deposits and the keeping of accounts.

As part of the modernization of the banking system, the organization fulfilling the functions of a bank of issue in the organization of the Hungarian National Bank must be detached from the organization in charge of tasks involved with the granting of credits in the near future, and a greater, more independent credit-granting competence

must be given to various units of the Hungarian National Bank dealing with the granting of credits. In addition, it will be possible to expand the number and activity of organizations engaged in the granting of credits apart from the Hungarian National Bank -- that is, smaller financial institutions -- with a view to relations between economic organs and financing institutions being free of branch constraints and developing at least partly on a business basis.

We are well aware of our econonmic position. Even if we did think for a while that the problems would vanish and our economy would return to the old groove once more, we realize today that it would be illusory to count on this. Aware of the experiences of the past years, we must realize that there is a real danger not only of "marking time," but even slipping back onto a lower level of development if we do not find new ways and means of furthering the enhancement of the value-producing capacity of the economy. We could find ourselves in a position where we would have to designate our main economic-political objectives even more modestly than at the present and, increasingly, compulsion rather than free choice would determine the continued course of our economy. This would rapidly worsen domestic commodity supplies, limit the standard of living, endanger our domestic political stability, and undermine our international prestige.

We intend to avert this danger by the further development of the economic macromanagement system. It is customary nowadays to ask what guarantees that we will achieve our objectives through the chosen means and methods? There are no guarantees, but it is possible to create guarantees through competent and consistent work.

Society will support the development of the system of macromanagement if it perceives that it will ensure its interests and the fact that this development serves the principle it has always approved of, that those who work will prosper.

The period since the 1966 mechanism-resolution of the Central Committee shows that -- even in the single partial areas of the economy -- it takes a fairly long time to create an equilibrium between supply and demand. In a period of development in which we aim to achieve a general economic equilibrium, it is even more necessary for us to project not only the direction of the development of the system of means furthering its achievement, but also the schedule of implementation.

Of course, in addition to the expected and hoped-for positive effects, one must expect negative consequences as well. To a certain extent, this is natural, because there is no therapy, no medicine, without side effects. However, in examining social effects, we must be aware of the fact that it will take a prolonged period of time before the favorable effects expected from the further development in question are felt, while in most cases rather unfavorable concomitant phenomena may appear in the short term. One need only think of the example of the emergence and development of household plot production.

At the beginning, public opinion should be expected to receive negatively a few manifestations whose useful nature will only be confirmed over the longer term. Some people -- particularly those whom it concerns -- regard even the elimination of unjustified shelters and privileges as an abandonment of social achievements.

The much-proclaimed ideal of social equality has profoundly permeated public awareness. People acknowledge in principle the correctness of work performances being reflected in wages and earnings, but they have difficulty in tolerating fairly considerable differences. As a rule, they regard the existing differences between incomes and assets as unjust, frequently even when they are based on genuine differences in performance.

It follows from this that society will presumably have difficulty in accepting the differentiating effects that will accompany the further development of the economic macromanagement system. Greater differentiation manifested in efficiency between enterprises and the level of personal incomes and, on the basis of these, on their position at any given time could involve numerous conflicts. We must prepare ourselves deliberately, ensuring the suitable means, for handling these.

It is worth talking in this connection about full employment. Undeniably, this is one of our most attractive socialist values, nevertheless a debate is stirring around it. There are people who are worried that we will keep on developing economic macromanagement till we finally endanger full employment; others are pondering the question whether a little unemployment might not help to increase efficiency. It is impossible to agree with these conceptions. At the same time, the task of easing the contradictions between full employment and efficient employment is an important and meaningful one. According to our ideological enemies, the price for the considerable achievement of socialism -- full employment -- is to give up efficiency. It is true that we have not yet succeeded in fully solving this task, but this does not mean that we are abandoning it.

Full employment must be guaranteed in the future, too, and this is the task of the socialist state, while efficient employment is the task of the enterprises. The practical implementation of these principles could in certain cases result in the fact that geographically one's workplace will not be guaranteed in places where the workers would like, and it is also possible that the job offered will not be commensurate with qualifications.

The consumer price increases of the last years have considerably taxed our society's understanding and patience. Theoretically it is clear that the consumer price increases of the coming years are not the consequences of the further development of economic macromanagement. For most people, however, these two are presumably connected, they appear together in thought. Therefore, our steps must have an anti-inflation motivation, they must by defending our achievements lay the foundations for our future development. It is necessary to stress this all the more because there are considerable price-increasing forces in effect in our current economic situation. It is enough for me to mention the continuing steady increase in foreign trade price losses, inadequate development of the efficiency, and the need for incentives through nominal wages. It is also necessary to find a compromise in this question between society's tolerance and economic rationality.

I would also like to speak in connection with this about the fact that the irregularities, criminal acts, and negative phenomena that are undermining public morals, which are appearing in almost all areas of social-economic life and spreading in some places, irritate society today even more than earlier. These are connected first of all with laxity, deficiencies of regulation and control, weaknesses of leadership, and last but not least unsatisfied supply.

Some people regard the unfavorable tendencies as the consequences of earlier direct management methods being pushed into the background and the appearance of new organizational forms. Domestic and foreign experiences, however, clearly show that such and similar distortions and irregularities result not from this but from the weaknesses of our management and public morals, failure to consider regulations that determine the social attitude, and the shortcomings of them. The measures to suppress the negative aspects of economic life that limit the entrepreneurial attitude, efficient and rational management, and the socially useful incomes in proportion to achievements must be avoided. The very operation of the economic macromanagement system strengthening the regulated relation between the plan and the market is one of the basic conditions for defeating harmful phenomena which must lead to the elimination of unjustified

privileges and monopoly positions, to strengthening society's moral norms. It is our conviction that the further development of economic macromanagement makes this struggle even more successful because more efficient management decreases supply shortages and thus the possibilities for abuse that result.

Together with the suggested further development of economic macromanagement -- as could also be experienced in the past for more than one and half decades -- the political mechanism of the socialist society can also further develop. A better delimitation of tasks is created between the party, the state, the trade unions, and other organizations of interest representation, and between the economic management and the enterprise.

The party's role in reforming economic policy, its acceptance and control of its implementation is strengthening. The economic organizational activity of the state and the government is also developing. Ways are open for the modernization of the party's working style. I think that what has been said and the positions make it clear that the party "does not withdraw" from the economy. On the contrary, its responsibility in making the economic policy trend and practice increasingly compatible with society's socialist norms and the changing requirements is actually increasing. Along with the strengthening of enterprise independence, the government-level management maintains ability for action, and can help, with genuine management means, the implementation of economic policy. It asserts its will basically through indirect means, through shaping the economic environment, but if needed, also through other means. Favorable conditions are developing also for the further development of socialist democracy. The enterprises' dependence on the guiding organs is decreasing, and the democratic forums of enterprise management are expanding. These bodies acquire a genuine sphere of influence and, through the expert elected representatives, the ownership awareness of the collective, its interest and its influence on the course of economic activity are strengthening. The independence of the councils is expanding, too. Local and district councils receive greater material possibilities for strengthening their self-governing character. The population's material interest is increasing and this results in their being more active in local public affairs.

The interest-harmonizing mechanism to be developed also creates possibilities for the expression and assertion of interests that have not had representation and forums until now. Thus, the forums for harmonizing interests can also become the new workshops of democracy, and can enrich with new areas the tasks of the trade unions, the cooperative interest-representation organs, and of the Chamber of Commerce.

The enterprise-type leaders receive greater independence. The range of jobs that can be filled through competition and election is expanding. Thus subjectivism and the possibility of unprincipled collusion in personal matters are decreasing.

Creative work, responsibility, and outstanding achievements receive greater social recognition and material and moral appreciation. Better possibilities for developing capacities mobilize considerable human energies. All this improves the general good feeling of the society, creates the basis of a life richer in content for a wide strata of the population, among other things also by the fact that it contributes to the strengthening of the ethics of public life, to order, discipline, in fact, to the strengthening of the features of socialist society.

In its guiding, leading, and organizational activity, the party must not only follow but also guide the changes that emerge as a result of the further development of the economic macromanagement system, it must aid all those initiatives that can lead to these necessary changes.

An important task for the party organs, party organizations, and party members is to make sure that the widest possible circle of the workers get acquainted and support the proposals directed toward the further development of the economic macromanagement system, the tasks connected with its implementation, and they do their work accordingly. They must be made aware of the fact that the changes serve the interests of the nation as a whole, and that only in this way does the prosperity of smaller collectives and individuals also become possible.

It must be achieved at all levels of party guidance that the political decisions and control do not mean interference in the operational economic management or the replacement of decisions made by state organs and organizations pursuing economic activity. This practice, which can still be found in some places sometimes, must be stopped in order to be able to strengthen the harmony between decisions and economic responsibility. In order to increase the efficiency of party activity in the sphere of the economy, it is justified to further develop, in harmony with the modernization of economic macromanagement, the party's control, cadre and personnel activity in the sphere of the economy, and its activity concerning mass organizations and movements.

In the area of control activity, it is necessary to direct main attention to the politically important economic issues, striving to reveal the connections, to better establish the conclusions drawn, and to initiate measures in the course of events. Cadre and personnel work must be further developed in harmony with the enterprises' increasing economic independence. In order to achieve this, the cadre sphere of influence must be generally decentralized, and the functions within the sphere of influence must be decreased.

In the activities of the mass organizations and mass movements in the area of the economy and its coordination, it is necessary to strive for a better delimitation of their tasks and a decrease in the still existing parallelism and formalism in their activity. We must hope that the production movements serve first of all the improvement of the quality of management and the discovery and utilization of resources.

The proposed changes can be implemented by the end of the Seventh 5-Year Plan period. There are possibilities for concentrated steps in further development of the management system in 1985. Our aim is to make the majority of essential changes already in the year preceding the start of the Seventh 5-Year Plan in order that the enterprises can count on their effects to the necessary extent in working out their intermediate-range plans.

One range of steps planned for 1985 represents the start in the implementation of proposals directed toward the modification of the regulation system, the other toward the modification of the enterprise management and institutional system. The modification of the regulation system requires special harmony regarding both the individual elements and system of measures. A new cross-regulation would be introduced, and so would the order to enterprise taxation. Further steps would be taken toward perfecting the pricing system, the mechanism of the payment of interest would be modernized, and steps would be taken for the creation of a more standardized turnover taxation.

The reorganization of the banking system and the development of new forms of enterprise management would start, and in harmony with this the control activity the ministries exercise over enterprises would change, and modernization of the enterprise organization would continue. At the same time, it is clear that the necessary modification of the organizational structure cannot be finished in a year. Therefore, the program must also be continued in the period of the Seventh 5-Year Plan; this makes up an organic part of the strengthening of the regulated market conditions.

The proposals also contain elements in which inevitably it is possible to progress only from one year to the next. Such as, for instance, the implementation of a pricing system which better reflects market conditions, in which we can progress only in harmony with the prevailing conditions of supply and demand. And the implementation of other proposals -- like, for instance, the introduction of the general taxation of personal income, the corresponding modification of the wage system, the development of sociopolitical system of means -- can take place only in the years following 1985.

In activities of this type, taking risks is unavoidable as a matter of course. The use of methods of calculation, still considered as novelty, must be taken up, because if we apply them correctly, they will advance development and will meet with approval from our people and society.

The further development of economic macromanagement answers these requirements. At the same time it promises great advances for the enterprising workers who are not deterred from creative, new, demanding tasks and gives a wider sphere of movement for the development of useful activities. The implementation of the mentioned tasks decreases those economic and institutional limitations which, like the already rigid, outdated elements of economic macromanagement, hinder our development and a fuller emergence of intensive development. Our party appeals to all the followers of socialism, all working people of Hungary, the communists and nonparty people working in alliance with them, to contribute to the realization of our common goals.

JARUZELSKI HOLDS TALKS WITH AUSTRIA'S STEGER

LD112007 Warsaw Domestic Service in Polish 1730 GMT 11 Jun 84

[Text] Army General Wojciech Jaruzelski, chairman of the Council of Ministers, has received Dr. Norbert Steger, vice chancellor, minister of trade, commerce, and industry of the Republic of Austria, who is visiting Poland. The state and development prospects of the mutual economic cooperation were evaluated. Special attention was paid to increasing Polish exports. Problems of financial cooperation, including credit privileges for Polish imports from Austria and renegotiation of Polish debts within the talks conducted at the Paris Club, were also discussed. Deputy Premier Janusz Obodowski took part in the talks.

FATE OF FRENCHMEN DETAINED FOR SMUGGLING

LD121333 Paris Domestic Service in French 1300 GMT 12 Jun 84

[Text] We have just learned that one of the two French people detained in Poland, Olivier Roux, has just been expelled to Sweden. The other Frenchman, Jacques Chalaux, held captive since 24 March together with his friends, is accused of having tried to bring into Poland through clandestine channels printing materials and propaganda leaflets. He will be tried soon. This information was communicated just before lunchtime by a spokesman of the Polish Government during a press conference. We have no other details at present.

PAPAL ENVOY DEPARTS AFTER 3-WEEK VISIT

LD122206 Warsaw Television Service in Polish 1730 GMT 12 Jun 84

[Text] Archbishop Luigi Poggi, papal nuncio for special missions and head of a group for permanent contacts between the Holy See and the Polish Government, has left Poland after an almost 3-week visit. Archbishop Poggi visited, among other places, Drohiczyn and Lomza Dioceses, Krakow and Czestochowa, and had meetings at the Polish Episcopate, the Ministry of Foreign Affairs, and the Office for Religious Affairs.

SOLDIERS RETURN FROM MIDEAST PEACE MISSION

LD122205 Warsaw Television Service in Polish 1730 GMT 12 Jun 84

[Excerpt] Wroclaw airport, 1030: A chartered plane of LOT, the Polish airline, has just landed. On board the plane soldiers of the 21st relay of the Polish UN military contingent, who for 6 months have been performing a mission of peace in the Middle East, have returned home. The soldiers, returning from Syria, are being warmly greeted at Wroclaw airport by representatives of the headquarters of the Silesian Military District friends, acquaintances, and families, who arrived in great numbers.

PRC CONSUL BRIEFED ON GDANSK ECONOMIC SITUATION

LD121641 Gdansk Domestic Service in Polish 0500 GMT 8 Jun 84

[Text] The PRC Consul General, (Lu Hisung), has visited Gdansk Deputy Voivoda Stefan Milewski. The consul acquainted himself with the economic situation of our region, paying particular attention to trade and industry issues.

ACREEMENTS WITH AFGHANISTAN SIGNED IN KABUL

LD121619 Warsaw PAP in English 1100 GMT 12 Jun 84

[By PAP special correspondent Krzysztof Mroziewicz]

[Text] Kabul 11 June -- On Monday, the second day of Polish Foreign Minister Stefan Olszowski's visit to Afghanistan, the diplomatic chiefs of both countries continued their talks on bilateral relations and key international issues.

Minister Stefan Olszowski informed the Afghan side about Polish party and government moves to overcome the socio-economic difficulties and about the realization of the socialist renewal programme adopted by the 9th PUWP Congress.

Afghan Minister Shah Mohammad Dost informed the Polish side about progressive transformations taking place under the leadership of the People's Deomcratic Party of Afghanistan (PDP), the improvement of the living standards and conditions of the Afghan people, the struggle conducted in defence of the revolution, independence and sovereignty of the Democratic Republic of Afghanistan.

Ministers Olszowski and Dost delcared with appreciation that the Polish-Afghan relations based on long-standing traditions of friendship were developing favourably. It was stressed that there were new possibilities to give them a qualitatively new character in line with the interests of both countries, for the good of peace and progress.

They noted with deep concern that the situation in the world deteriorated, seeing the cause of this is the confrontational policy of the U.S. Government and some NATO states aiming to unsettle the existing military equilibrium, impose dictate and change the territorial-political status quo in Europe. [Words indistinct] This policy, with its key elements including the arms race, violation of the mutually-accepted norms of conduct in international relations, brutal interference in internal affairs of other states and psychological war, is a threat to world peace and aims at the vital interests of all nations.

An example of adventurism in the policy of NATO states is the deployment of new American medium-range missiles in Western Europe and ignorance or rejection of the constructive peaceful proposals of the Warsaw Treaty states.

Poland and Afghanistan firmly condemn the practice of interference, restrictions and pressure from American imperialism and its [word indistinct] which are used against the two countries and other socialist and progressive states.

Both ministers emphasized that preservation of peace, arrest of the arms race and transition to effective disarmament -- especially in the nuclear sphere -- this is the package of key issues of the contemporary world.

On the second day of the visit, the sides signed a consular convention, a cultural programme for the years 1984-1986 and a programme on cooperation between the Polish and Afghan Foreign Ministries.

On Monday afternoon, Minister Stefan Olszowski was received by Afghan Prime Minister Soltan Ali Keshtmand.

OFFICIAL INTERVIEWED ON ADMINISTRATION, BUDGET

LD130849 Warsaw Television Service in Polish 1800 GMT 11 Jun 84

[Summary] Lieutenant General Michal Janiszewski, head of the Office of the Council of Ministers, was interviewed on the subject of state administration. Janiszewski denied it is unnecessarily large.

[Begin Janiszewski recording] "The administration numbers at present around 150,000 people. By way of a digression let me add that people often say that in the regions the administration is modest, not so numerous, but at the top, and the center, how many of them are there? Well, I can say there is about one-tenth of the total at the top; surely this is a rational proportion. Now let us look at this in relation to 10,000 of the population. In Poland, as for state officials, that is, not the whole state administration -- another digression here: in Warsaw, for example, all the ministries and central offices have around 17,000 employees, but among them people who work as officials, not counting the various back-up services, also of course necessary, number 12,000 -- therefore, among the total number of 150,000 officials, in the general sense, there are significantly fewer officials. In Poland, the proportion of officials per 10,000 inhabitants is 36, whereas for example in Bulgaria the number is over 60. So, can one speak of an excess?

And now the matter of costs, the question as to whether the burden on the state budget is too great. In Poland, the percentage of the state budget set aside for the entire administration is 0.64 -- that is all. By comparison, in Hungary, a state we currently consider to be well equipped, almost 2 and 1/2 times more is spent, namely 1 and 1/2 percent of the budget." [end recording]

BEJGER GIVES JARUZELSKI REPLY TO GDANSK WORKERS

LD111941 Warsaw Domestic Service in Polish 1700 GMT 11 Jun 84

[Text] In the Gdansk shipyard named after Lenin a meeting was held today between the party activ and Stanislaw Bejger, candidate member of the Politburo, first secretary of the Gdansk Voivodship party committee, who delivered to the shipyard workers a reply from Wojciech Jaruzelski, first secretary of the PZPR Central Committee, to questions addressed to central authorities by party members at the shipyard in April of this year.

The note contains replies to questions connected with fuel economy in the country, house construction, trade, services, and irregularities which appear in our everyday life. In the note the first secretary of the Central Committee said that all conclusions and postulates put forward by shipyard workers will be scrupulously examined and immediately forwarded for implementation to the competent authorities.

LETTER TO LIS FROM SOLIDARITY'S MILEWSKI

LD122003 Warsaw Television Service in Polish 1730 GMT 12 Jun 84

[Text] As the television news has already reported, the security service has apprehended a member of the so-called Solidarity Provisional Coordinating Committee Bogdan Lis.

[Unidentified correspondent] Bogdan Lis was found in possession of a letter from the head of the Brussels coordinating center of the former Solidarity, Jerzy Milewski. Here is an excerpt from the letter:

I have a chance, writes Milewski to Lis, to collect a sum close to a million [currency not identified], mainly from America and Japan, especially if the boycott of the elections to people's councils is successful. In the last few days, we have received a donation of $200,000 from the AFL-CIO. Please write a short letter to the Kirkland thanking him for this and for the previous such sum in autumn 1983, and expressing the hope that the AFL-CIO will treat with understanding Solidarity's needs next year, itemized in the budget for 1985. This is very important because the money is from the National Fund for Support of Democracy project, about which I have already written to you. But to get the money, it is necessary to gain suitably high credibility with them as to your ability to manage this money effectively in the country.

A million for the elections. A million for the antielectoral effort of the underground. What else transpires from this excerpt? The fact, for example, that Bogdan Lis had become a little negligent and still had not expressed thanks for the money from last year as well as this year's advance. There may be difficulties with the underground's budget next year. As it turns out, the underground sends an annual budget estimate to the sponsor. This, as we have heard, concerns credibility. Furthermore, the sponsor, that is the U.S. Government, is not going to spend its dollars without knowing what it is buying. The government is the sponsor, not the National Fund for Support of Democracy, because the fund was created as a result of the so-called democracy project prepared by the Reagan administration and directed against the socialist countries. The actions of individual agencies of the Washington administration are coordinated by the so-called political committee and the latter is chaired by Under Secretary of State for Political Affairs Eagleburger. It is precisely from this government source that the American union federation AFL-CIO has received $11 million and an instruction for more resolute action in support of the Polish underground.

Here is another excerpt from Milewski's letter to Lis:

I intend, he writes, to voice discreet support for the current steelworkers' strike in the FRG. If all of you do not agree, let me know as quickly as possible. However, there is rather no need to support the English miners' strike.

Why does the Polish underground want to support the FRG but does not like the English miners? The reason again is money. The West German Trade Union Federation and its head, Ernst Breit, are great friends of the American federation AFL-CIO. They are used for financial and propaganda support for the activists of former Solidarity. So: You scratch my back and I will scratch yours. One good turn deserves another. The English miners, on the other hand, are not interested in the underground in Poland and, therefore, should not count on any help from it. They have to struggle for man's basic right, the right to work without support from the activists of the so-called independent Polish union movement, those who treat human rights very selectively. They use only two criteria: geographical and financial.

SPOKESMAN CONFIRMS KOR TRIAL TO OPEN 13 JULY

NC130900 Paris AFP in English 0854 GMT 13 Jun 84

[Text] Warsaw, June 13 (AFP) -- The trial of four leaders of KOR, the Workers Self-Defense Committee, will open on July 13, a Polish Government spokesman confirmed today.

Jacek Kuron, 47, Adam Michnik, 37, historian Henriyk Wujec, 43, and Zbigniew Romaszewski, 43, are accused of plotting against the state.

Mr. Kuron Monday began a hunger strike in Warsaw's Rakowiecka prison to force the government to put the group on trial or grant them unconditional release for lack of evidence.

All but Mr. Romaszewski have been detained without trial since December 13, 1981, the day martial law was decreed. Mr. Romaszewski, founder of the pirate radio station operated by the banned union Solidarity, was arrested nine months later.

The government had offered to release the KOR leaders on condition they leave the country. The offer was rejected.

EXPLOSIVE CHARGES USED TO SCATTER LEAFLETS

LD121841 Warsaw Television Service in Polish 1730 GMT 12 Jun 84

[Text] [Reporter] Downtown Katowice: The square in front of the railway station is packed with people going off on holiday and returning from work. This is the Katowice market. This is where the principal communication routes of the city run. Trzeciego Maja Street -- the major shopping road. Yesterday, in the afternoon peak hours, a few minutes before 1500, explosive charges went off in garbage cans around here. Several thousand antistate leaflets signed with the name of Zbigniew Bujak were scattered about over the radius of several dozen meters. Officers of the Katowice Voivodship Office of Internal Affairs went into action immediately.

[Unidentified person] The devices that we have found in trash cans in the busiest parts of the city of Katowice are PVC pipes 20-cm high and 10-cm in diameter, one-third filled with an explosive material and the remaining part filled with leaflets calling for a boycott of the elections. The perpetrator or perpetrators who assembled these devices used an electrical device to detonate the explosives. As a result of the operation of these devices, three explosions took place. As a result of one explosion a 74-year-old woman was injured.

[Reporter] At present the containers with the explosives, the detonating devices, and leaflets, which are held by the militia, are being tested by experts of the Forensic Science Department of the Katowice Voivodship Office of Internal Affairs and the Forensic Science Institute of the Citizens Militia main headquarters.

ALCOHOLIC BEVERAGES BANNED ON 16-17 JUNE

LD121737 Warsaw Domestic Service in Polish 1700 GMT 12 Jun 84

[Text] PAP reports that in accordance with a decree of the Council of Ministers, a ban on sales and serving of alcoholic beverages on 16 and 17 June is being introduced.

CEAUSESCU'S CONDOLENCES ON BERLINGUER'S DEATH

AU112012 Bucharest Domestic Service in Romanian 1900 GMT 11 Jun 84

[Condolence message of President Nicolae Ceausescu, RCP secretary general, to PCI Central Committee on death of PCI Secretary General Enrico Berlinguer]

[Text] We have learned with profound sorrow of the death of Comrade Enrico Berlinguer, PCI secretary general and prominent personality of the Italian workers movement and political life, and of the international communist and workers movement. On behalf of the RCP Central Committee, of our entire party, and on my own behalf, I want to convey to you and to all Italian Communists most sincere condolences on the heavy loss caused by the death of Comrade Enrico Berlinguer. The PCI secretary general enjoyed great esteem and appreciation among the Romanian Communists, due to his prodigious work in the Communist Party and in the antifascist and democratic movement in Italy, work devoted to fulfilling the working people's aspirations for freedom, progress, and a better life.

The PCI has asserted itself as a powerful national political force in the struggle for renewing changes in Italian political, social, and economic life, and has resolutely endeavored to consolidate the unity of action of the working people and all progressive Italian forces, to promote the basic rights and interests of the masses, and to work out the ways of implementing socialism amid the specific conditions prevailing in Italy. In this struggle, Comrade Enrico Berlinguer made an important contribution to strengthening the party's unity and force and to increasing its influence and prestige among the masses. The PCI and Comrade Enrico Berlinguer have carried out extensive international activities and have consistently militated to promote a new type of relations within the international communist and workers movement -- relations based on full equality and respect for each party's right to independently map out its political line -- and to strengthen the solidarity and unity of the workers', democratic, and anti-imperialist forces in the struggle for a policy of peace, security, and national independence, for disarmament -- primarily nuclear disarmament -- and for cooperation and understanding among peoples.

Sound relations of friendship and cooperation have developed between the RCP and the PCI, in our mutual interests and in the interests of closeness and understanding between our peoples and of socialism and peace in the world. Comrade Enrico Berlinguer's visits to Romania and our meetings and talks with him cemented our relations of esteem, appreciation, and friendship, and constituted a considerable factor for consistently promoting the fruitful cooperation between our parties and between Romania and Italy, and for strengthening the solidarity of the international communist and workers movement. I want to express my conviction that in the future, too, the relations of friendship and solidarity between the RCP and the PCI will follow a continuously ascending cource, in keeping with the interests of both our parties and with the ideals of socialism and peace in the world.

At this difficult time for the Italian Communists and working people, we want to convey to you, dear comrades, our profound compassion and to assure you that we share the PCI's sorrow for the loss suffered. We are convinced that in the spirit of the decisions of the last PCI Congress, the Italian Communists will consolidate their unity with a view to fulfilling the working people's vital aspirations for progress, democracy, and socialism, for defending their rights and interests, and for promoting a policy of independence, security, cooperation, and peace in Europe and throughout the world. Dear comrades, please convey to the bereaved family our sincerest condolences.

Manescu Leaves for Funeral

AU121527 Bucharest Domestic Service in Romanian 1500 GMT 12 Jun 84

[Text] An RCP delegation led by Comrade Manea Manescu, member of the Political Executive Committee of the RCP Central Committee, left this morning for Rome to participate in the funeral of PCI Secretary General Enrico Berlinguer.

CEAUSESCU RECEIVES DEPARTING ALBANIAN AMBASSADOR

AU111521 Bucharest Domestic Service in Romanian 1500 GMT 11 Jun 84

[Text] At noon today President Nicolae Ceausescu received Albanian Ambassador Jordan Pani in connection with the end of his mission to our country. A cordial talk took place on the occasion.

PUNGAN VISITS TURKEY, MEETS EVREN, OTHERS

AU081944 Bucharest AGERPRES in English 0727 GMT 8 Jun 84

[Text] Ankara, AGERPRES 8/6/1984 -- Messages of salute were exchanged in Ankara between Romania's President Nicolae Ceausescu and Turkey's President Kenan Evren when the Turkish head of state received Vasile Pungan, Romanian minister of foreign trade and international economic cooperation, who is paying a visit to that country. Satisfaction was expressed at the talks conducted and understandings reached at top level, and the directions were assessed of further action to deepen and diversify the Romanian-Turkish relations.

The Romanian minister was also received by the Turkish prime minister, Turgut Ozal, and conducted talks with Ekrem Pakdemirli, undersecretary for treasury and foreign trade. The current stage was analysed of bilateral economic ties, as well as ways and means of carrying into effect the targets set under the programme convenanted by the two heads of state regarding the development of trade and of economic cooperation between Romania and Turkey.

UNIDO-ROMANIA CENTER COMMITTEE SESSION ENDS

AU071535 Bucharest AGERPRES in English 1504 GMT 7 Jun 84

[Text] Bucharest AGERPRES 7/6/1984 -- The tenth session of the Joint Committee of the Common UNIDO [United Nations Industrial Development Organization] -- Romania Centre, concluded on June 7. The session analyzed the activity unfolded by the common centre in 1983 and adopted the programme of activities for 1984 and 1985.

The protocol of the session stipulates the amplification of Romania's participation in the actions started by the UNIDO for speeding up the industrialization of the developing countries. In the same sense, the programme endorsed by the session establishes concrete measures regarding the participation of the industrial, research and design units of Romania in UNIDO actions in chemistry, pharmacy, building materials as well as in training cadres of the developing countries in the activity of technical surveying and information.

The UNIDO delegation who participated in the Bucharest session had interviews with Gheorghe Dinu, minister of chemical industry, with executives of the Foreign Ministry, during which they discussed aspects of the collaboration between Romania and the UNIDO.

REAGAN'S SPEECHES IN IRELAND, NORMANDY

AU121443 Belgrade BORBA in Serbo-Croatian 9/10 Jun 84 p 15

[From "The Week in the World" column by Vlado Teslic: "Reagan's Offer"]

[Text] Reagan's speeches in Ireland and in Normandy seem to have sought to dispel all possible doubts of the allies in American policy, but he did not for a jot depart from his basic orientation, the global role of the United States and reliance on military force.

A certain innovation is the readiness expressed for "reconciliation" with the USSR. President Reagan offered what the other side has long been demanding: an agreement renouncing the use of force. The U.S. President at the same time demanded certain changes in the USSR policy.

Moscow's negative reply to this offer could be foreseen. These are conditions from the positions of force and a demand for concessions, which does not lead to a dialogue and even less to agreements.

Will such an approach satisfy the partners and the allies? Except for some aspects, this is difficult to believe. Here lies the uncertainty of the present moment.

Some see an evolution in Reagan's position in regard to the previous "crusade" visit to West Europe. There can hardly be any negotiations without a readiness to detente and without abandoning confrontation, which is still far from Reagan's approach. He now speaks about the differences between what is right and what is not, or rather between political systems, one of which "is based on freedoms and the other on the negation of the human spirit."

In this context, he counted over 50 "democracies" in the world. It is no accident that he never speaks about equality of peoples. This is one more reason for all those numerous countries outside the military alliances to remain unswerving in their positions. It is also the only road leading to the reduction of tension and to peace.

BERLINGUER'S FUNERAL CORTEGE IDENTIFIED

LD121831 Belgrade TANJUG in English 1719 GMT 12 Jun 84

[Text] Rome, June 12, (TANJUG) -- Some fifty delegations of communist, worker and other progressive parties and movements from all over the world will attend the funeral of Enrico Berlinguer, the deceased general secretary of the Italian Communist Party (PCI), tomorrow (Wednesday).

The Yugoslav delegation will be led by Dragoslav Markovic, president of the Presidency of the League of Communists of Yugoslavia Central Committee. To be found in the funeral cortege will be, among others, Chinese Premier Zhao Ziyang, Secretary-General of the Communist Party of France Georges Marchais, Secretary General of the Communist Party of Spain Gerardo Iglesias, Vice-President of the People's Republic of Romania and member of its Politbureau Manea Manescu. Until this moment it is not available who will lead a delegation of the Communist Party of the Soviet Union at Berlinguer's funeral tomorrow. Yasir 'Arafat, PLO leader, is sure to attend the funeral of the Italian Communists' general secretary, it is thought here.

The last to take leave of Enrico Berlinguer in the name of 1,700,000 PCI members is Giancarlo Paietta, a member of the PCI's Secretariat.

Markovic Delegation to Rome

LD130947 Belgrade TANJUG Domestic Service in Serbo-Croatian 0751 GMT 13 Jun 84

[Text] Belgrade 13 Jun (TANJUG) -- An LCY delegation left this morning to attend the funeral of PCI Secretary General Enrico Berlinguer. It is led by Dragoslav Markovic, president of the LCY Central Committee Presidium and comprises also Mitja Ribicic, member of the LCY Central Committee Presidium, and Dr Aleksandar Grlickov, member of the Presidium of the SAWPY Federal Conference. They will be joined in Rome by the SFRY Ambassador to Italy Marko Kosin. At Belgrade airport the delegation was seen off by Dobrivoje Vidic, member of the LCY Central Committee Presidium and by Vlado Janzic, executive secretary of the LCY Central Committee Presidium.

'ARAFAT VIEWS FATAH CC SESSION, PLO UNITY

AU121620 Belgrade BORBA in Serbo-Croatian 9/10 Jun 84 p 14

[Excerpts] "We will resolve all problems and disagreements within the PLO through a democratic dialogue. In doing this, we will allow no external interferences in internal Palestinian affairs," PLO leader Yasir 'Arafat stressed in an interview with BORBA journalist Milan Milivojevic during his visit to our country. [date of interview not given]

Within this context, the question arose by itself about the results of the just held session of the Fatah Central Committee in Tunis, that is, about the directions of further action on strengthening the unity of the PLO.

Extensive Analysis

"This session was extremely important," Abu 'Ammar, as his nom de guerre reads, told us. "We carried out an extensive analysis of the situation within the PLO, particularly following the tragic events in Tripoli. We spoke frankly about everything -- about, in essence, the Israeli-Arab offensive against the PLO, about the Palestinian-Palestinian dialogue, about the efforts to normalize relations with Syria, about the situation in the occupied territories, the initiatives for solving the Iraqi-Iranian war, the developments in Lebanon...."

Trying to single out one of the more important questions on the agenda of this session, we asked Yasir 'Arafat what progress had been made in the efforts for normalizing relations with Damascus. This question is closely connected with the reconstruction of the rebellion [as published] within Fatah and with the attempts aimed at overthrowing Yasir 'Arafat as leader, that is, the creation of a more militant (in the military sense) PLO, which would operate to serve outside interests. Among other things, what is also involved here is 'Arafat's expulsion from Damascus (the Israelis, nonetheless, anabled 'Arafat to make a considerably more dignified withdrawal from Beirut).

"Regretably, there is no good news in this respect. We have engaged our friends -- Algeria, South Yemen, the Soviet Union, Saudi Arabia, and Yugoslavia, as well, made efforts in this respect -- to solve this problem. However, no progress has been made."

There is not much time, and 'Arafat is not a man who turns to the past very much. He frequently adopts important decisions "under pressure of time," decisions that later prove to be correct. After leaving Tripoli with his fellow fighters, he first visited Egypt, provoking astonishment among the Arabs, primarily those from the ranks of "radicals."

In reply to this question, he simply says that that was "in accordance with the resolution of the Palestinian Council" (parliament), and that these contacts will be continued because this is one of the basic directions for finding a solution for the Middle East crisis.

POSTMORTEM REVEALS RADOVIC COMMITTED SUICIDE

LD121447 Belgrade TANJUG Domestic Service in Serbo-Croatian 1306 GMT 12 Jun 84

[Text] Belgrade, 12 Jun (TANJUG) -- The District Public Prosecutor's Office in Belgrade today announced that on the basis of a postmortem and other investigations, it has been established that Radomir Radovic, Belgrade official, committed suicide by insecticide poisoning. The statement by the District Public Prosecutor's office reads as follows:

"The body of Radomir Radovic, an official, permanently employed by Hidrotehnika in Belgrade, was found at about 1800 on 30 April 1984 in his aunt's holiday cottage in the village of Orasac near Obrenovac. In this connection, on the same day an investigation was carried out by the internal affairs organs. The duty investigating judge of the District Court in Belgrade asked the Forensic Medicine Institute to carry out a postmortem of Radovic's body. In addition, the District Public Prosecutor's office in Belgrade asked the investigating judge to carry out the required investigation to determine the cause and the circumstances under which Radomir Radovic's death occurred. On the basis of the request by the investigating judge, the Forensic Medicine Institute carried out the postmortem and established:

-- That no marks of a mechanical injury were noticed on the body of the late Radomir Radovic;

-- That death occurred as a result of insecticide Fenitrotion 50 EN [insecticide] poisoning about 72 hours before the postmortem, which was carried out on 2 May 1984, starting at 0900.

On the basis of the postmortem report and also on the basis of other investigations and evidence given by his family, friends, and neighbors, the District Public Prosecutor's Office in Belgrade has established that death was by suicide and that no criminal act was involved."

BRIEFS

COMMODITY EXCHANGE WITH POLAND -- Belgrade, June 6 (TANJUG) -- Commodity exchange between Yugoslavia and Poland amounted to about 600 million dollars last year, i.e. by more than one-fifth up from 1982, it was emphasized here today (Friday) in a talk between Spasoje Medenica, a Yugoslav Government member and cochairman of the Yugoslav-Polish Committee or Economic Cooperation, and Tadeusz Nestorowicz, Poland's minister of foreign trade. A positive trend in the realization of goods exchange went on in the first four months this year, it was asserted. The contracting of planned deliveries was not satisfying, however, and both sides must more get engaged in this, it was observed. Both sides evaluated that there are real possibilities for the development of coproduction and specialization in motor industry, electronics, industry of tractors and agricultural machines, industry of mining and energy equipment, industry of building construction and road-building machines, industry of machine tools and industry of household appliances. Special attention was paid to exchange of iron and steel products as well as of chemical raw materials and products. [Text] [Belgrade TANJUG in English 1606 GMT 8 Jun 84 LD]